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Social Development Canada

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## Canada Student Loans Program



# Annual Report 2006 - 2007

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## MESSAGE FROM THE MINISTER

On behalf of Human Resources and Skills Development Canada, I am pleased to present the Canada Student Loans Program Annual Report for 2006-2007.

The Government of Canada is committed to creating the best-educated, most-skilled and most flexible workforce in the world. It is essential for Canadians to access post-secondary education in order for our nation to remain competitive in a global economy and for our citizens to participate fully in society.

Since 1964, the Canada Student Loans Program has helped four million students get a university or college education through access to simple, effective financial assistance programs.

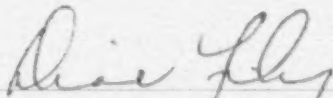
In the 2006-2007 loan year, the Program issued loans to 345,000 full-time and nearly 2,000 part-time students, and federal grants to close to 90,000 students.

The Government of Canada increased support to post-secondary education with the Budget 2007 announcement of an additional \$800 million in annual transfers to the provinces and territories, starting in 2008-2009.

Budget 2007 also launched a review of the Canada Student Loans Program. The Government of Canada followed through on this review by announcing in Budget 2008 a series of measures to improve support to students from low- and middle- income families, as well as to students with permanent disabilities. The Government also announced a new Repayment Assistance Program to help students better manage their debt. I invite you to visit [CanLearn.ca](http://CanLearn.ca) for more information on these new measures which will be effective in fall 2009.

And recently, Budget 2009 announced investments in post-secondary infrastructure including up to \$2 billion for repairs, maintenance, and construction at post-secondary institutions over the next two years.

By helping students go to university, college or a trade school, we are enabling them to take advantage of the opportunities Canada has to offer.



The Honourable Diane Finley, P.C., M.P.  
Minister of Human Resources and Skills Development

### Vision

The Canada Student Loans Program's vision is that all Canadians have the opportunity to develop the knowledge and skills to participate fully in the economy and in society.

### Mission

The Canada Student Loans Program seeks to promote accessibility to post-secondary education for students with demonstrated financial need by:

- **providing loans and grants** to eligible individuals;
- **developing and implementing policies** that balance requirements for accountability, integrity and responsiveness to the changing needs of students and society;
- **providing information** to help students and their families make informed choices;
- **enhancing and improving** the delivery of services, resulting in high client satisfaction;
- **ensuring** the development and renewal of a valued, knowledgeable, motivated workforce within the CSLP; and
- **building on and improving** collaborative partnerships with federal, provincial and territorial partners, stakeholders and student organizations.

### Mandate

The Canada Student Loans Program's mandate is to promote access to **post-secondary education** through the provision of financial assistance in the form of loans and/or grants to qualified students based on financial need, regardless of province or territory of residence.

### Legal Mandate

Canada Student Loans issued before August 1, 1995 (guaranteed student loans)<sup>1</sup> are governed pursuant to the *Canada Student Loans Act* and its regulations. Risk-shared<sup>2</sup> (August 1995 to July 2000) and directly financed<sup>3</sup> (August 2000 to present) student loans are governed pursuant to the *Canada Student Financial Assistance Act* and its regulations.

Although financial assistance is delivered mainly through repayable loans, section 15 of the *Canada Student Financial Assistance Act* authorizes the Canada Student Loans Program to establish non-repayable grants. These grants are available for students with permanent disabilities, students from low-income families, females pursuing doctoral studies, students with dependants, and high-need part-time students.

1 Under the guaranteed regime, the federal government guaranteed lenders repayment of Canada Student Loans.

2 Under the risk-shared regime, the federal government paid nine private lenders a premium of 5% in return for accepting the risk of non-repayment.

3 As of August 2000, the federal government directly finances loans and has contracted third-party service providers to administer the loan process. The *Canada Student Financial Assistance Act* and its regulations were amended in 2000 to allow for directly financed loans.

## EXECUTIVE SUMMARY

*Post-secondary education opens doors for individual Canadians by providing better job opportunities. It also benefits Canada as a whole through improved competitiveness and productivity, and stronger social cohesion.*

More and more Canadians are investing in their future by attending post-secondary education. The Government of Canada plays a strong role in ensuring Canadians have access to post-secondary learning by helping students fund their education through programs like the Canada Student Loans Program (CSLP).

The CSLP reduces financial barriers to post-secondary education by providing loans and grants to students with demonstrated financial need. In the 43 years since it was introduced in 1964 until July 2007, the CSLP has provided \$30 billion in student loans.

Nine provinces and one territory participate with the Government of Canada to deliver Canada Student Loans and other forms of student financial assistance. The federal government also provides alternative payments to Quebec, the Northwest Territories, and Nunavut for their own student assistance programs, as these jurisdictions do not directly participate in the CSLP.

Note: All data in this report represent only the federal share of student loans and grants.

## BACKGROUND

### Loans

Since August 1, 2000, the Government of Canada has directly financed federal student loans to borrowers; this is known as the direct loan regime. Until 1995, the CSLP provided loans under the guaranteed loan regime and, from 1995 to 2000, under the risk-shared loan regime. The total portfolio for the CSLP includes all three methods of administering loans to borrowers.

- The total value of the CSLP portfolio for all loans from the three regimes was about \$11.6 billion as of March 31, 2007, an increase of \$497 million over the previous fiscal year.

### Grants

To help more underrepresented groups access post-secondary education, the Government of Canada gives out Canada Access Grants and Canada Study Grants. To date, more than 500,000 grants with a total value of over \$845 million have been paid out to students.

- In the 2006-2007 loan year, the CSLP gave out 87,368 grants, for a total value of about \$142 million.

### Effects of the 2006 Federal Budget

Budget 2006 provided \$370 million in new investments over the following two years to help foster excellence in and accessibility to post-secondary education. As part of the budget commitment to work toward resolving the fiscal balance with provincial and territorial governments, additional funding of up to \$1 billion to provinces and territories was confirmed.

The Government of Canada also announced increased direct support for students in their pursuit of post-secondary education. These supports include:

- greater eligibility for Canada Student Loans, effective August 2007;
- a new tax credit for textbooks; and
- eliminating the \$3,000 limit on the amount of scholarship, bursary and fellowship income a post-secondary student can receive without paying federal income tax.

### Effects of the 2007 Federal Budget

- An additional \$800 million in annual support

for post-secondary education, for a total annual transfer of \$3.2 billion to the provinces and territories by 2008-2009.

- A review of the CSLP to modernize and simplify the program in consultation with provinces, territories and stakeholders.
- To make registered education savings plans (RESPs) more attractive, the Government of Canada:
  - eliminated the \$4,000 limit on annual contributions
  - increased the lifetime RESP contribution limit from \$42,000 to \$50,000
  - increased the maximum Canada Education Savings Grant annual amount from \$400 to \$500
- An additional \$2 billion in grants, scholarships and loan programs, including the Canada Millennium Scholarship Foundation and CSLP. This brings support for graduate scholarships to its highest level in Canadian history.

### Program Improvements

The CSLP secured a new service provider. In 2006 the contract was awarded to the Resolve Corporation, one of the previous service providers.

## PROGRAM HIGHLIGHTS

### Getting the Message Out

Through CanLearn ([www.canlearn.ca](http://www.canlearn.ca)) the CSLP tells Canadians about the costs and benefits of post-secondary education and the financing options available to students before, during and after their studies.

- The CSLP attended 14 events in eight provinces, distributing publications, demonstrating the CanLearn Web site, and answering questions about financial assistance for students.

- The Pan-Canadian Communications Campaign is an initiative by the federal and provincial/territorial governments that seeks to increase the awareness that families have of planning and saving options for their children's post-secondary education.

### Loans for Full-Time Students

In the 2006-2007 loan year:

- The CSLP provided loans to 36.2% of all full-time post-secondary students. Of the approximately 954,000 post-secondary students in participating Canada Student Loan jurisdictions, the CSLP provided loans to 343,261 full-time students for a total of \$1.9 billion.
- More than 450,000 borrowers (all in-study borrowers including those who received a loan this year) received an in-study interest subsidy, which means they do not have to pay interest until they have completed their studies.
- Full-time borrowers received an average loan of \$5,614, a similar amount to the previous loan year.

### Loans for Part-Time Students

In the 2006-2007 loan year

- \$4 million was disbursed to 1,863 part-time students, who accounted for less than 1% of the total borrower population. The average part-time student loan was \$1,880, similar to previous years.
- Ontario had the highest percentage of all part-time student borrowers at 35%, followed by Alberta at 22%.
- Half (50%) of all part-time student borrower attended university, 38% attended college and 12% attended a private institution.



### Canada Study Grants

In the 2006-2007 loan year, 47,853 Canada Study Grants were disbursed, for a total value of about \$73 million:

- Most of the grant amount (67%) was awarded to students with dependants, for a total of \$49 million.
- Students with permanent disabilities received 28% of the Canada Study Grant amount, for a total of \$20 million.
- High-need part-time students received 4% of the grant amount, for a total of \$2.7 million.
- Females pursuing doctoral studies received 1% of the grant amount, for a total of \$0.8 million.

### Canada Access Grants

In the 2006-2007 loan year, 39,515 Canada Access Grants were disbursed, for a total value of about \$69 million:

- Students with permanent disabilities received 12,602 grants, for a total of \$23.4 million. This is an increase of 2,808 grants from 2005-2006.
- Students from low-income families received 26,913 grants, for a total of \$45 million. This is an increase of 4,825 recipients from 2005-2006.

### Who's Borrowing

In the 2006-2007 loan year:

- Over half of all borrowers (56%) were from Ontario.
- Almost nine out of 10 full-time student borrowers remained in their home province or territory to study.
- Of the full-time student borrowers, 59% attended university, 31% attended college and 10% attended private institutions.

- Most full-time student borrowers (58%) were enrolled in undergraduate programs, and 37% were enrolled in non-degree-granting programs such as community colleges and trade schools. Four percent were masters or doctoral students. Part-time student borrowers were more likely than full-time student borrowers to enrol in non-degree granting programs.
- Half (50%) of full-time student borrowers were 21 years old and under, 39% were between 22 and 29, and 11% were 30 and older. Part-time student borrowers were generally older, with 37% of them being 30 and older.
- More women than men received Canada Student Loans. Six out of 10 full-time students and seven out of 10 part-time students who borrowed were women.
- The vast majority of the borrower population was single: 87% of full-time students and 73% of part-time student.

### What Students Owe

In addition to owing money to the CSLP, students may also owe money on provincial or territorial student loans. Borrowers who began repayment during 2006-2007 loan year owed the CSLP an average of \$12,232, which was \$909, or 8%, higher than in the 2005-2006 loan year.

- About 48% of borrowers owed the CSLP over \$10,000.
- Yukon and Prince Edward Island had the largest increases in amount owing compared with the previous loan year (\$1,900 and \$1,384 respectively). Newfoundland and Labrador had the smallest increase in average indebtedness at \$465.
- University borrowers owed an average of \$15,668 upon entering repayment, while college borrowers owed an average of \$9,619 and private institution borrowers owed an

average of \$9,582. These figures are a 6.5%, 6.6% and 13.2% increase from the 2005-2006 loan year, respectively.

- Borrowers between the ages of 26 and 29 had the highest average debt at \$15,403.
- On average, women owed \$859 more than men.

### How We Can Help

The CSLP has measures to help borrowers who are having trouble repaying their loans.

Borrowers can apply for a revision of terms to decrease (or increase) their monthly loan payment.

- A total of 54,629 borrowers revised the terms of their loans, an increase of 2% from the 2005-2006 loan year.

Borrowers can receive interest relief if they have temporary financial difficulty. They are not required to make any interest or principal payments on their Canada Student Loans for periods of six months at a time. In the 2006-2007 loan year:

- 105,180 borrowers benefited from interest relief. This number increased by 2,842 from the 2005-2006 loan year.
- The majority of borrowers receiving interest relief have very low monthly family income: 52% of them had a monthly family income of less than \$500.
- 47% of all interest relief recipients had attended university, 38% had attended college, and 15% had attended a private institution.
- Older borrowers tended to use interest relief more; 37% were 30 and older.
- Women accounted for 66% of interest relief recipients; men accounted for 34%.

The debt reduction in repayment measure helps borrowers who have long-term difficulty repaying their loans. It reduces the principal of a borrower's Canada Student Loan (up to 50% of the principal for a maximum of \$26,000) and reduces monthly loan payments to an affordable level based on income. In the 2006-2007 loan year:

- 3,147 borrowers benefited from debt reduction in repayment, for a total cost to the Government of \$21 million. The amount of debt reduction in repayment varies considerably from year to year, depending on the number of borrowers who are eligible for it.

## PROGRAM RESULTS

The CSLP's strategic objectives are to maintain the Government's commitment to accessibility, promote awareness, make the loan experience a positive one, and ensure performance, integrity and accountability. Here are the results of what we did to reach those objectives.

### Commitment to Accessibility

The CSLP conducted a tracking survey of youth from the ages of 17 to 30, including both youth who were and were not enrolled in post-secondary studies.<sup>4</sup>

- 78% of all current government student loan holders<sup>5</sup> would have experienced a major negative impact had they not received a government student loan, including not enrolling, dropping out, reducing their course load, or changing educational institution.
- Some students who applied for a loan but did not qualify had to either reduce their course load, study part-time instead of full-time, or change their educational institution or program of study.

<sup>4</sup> Createc+; Special Investment Fund – 2007 SIF Omnibus Survey, July 2007.

<sup>5</sup> Government student loans include participating provincial and territorial loans and federal loans.

## Promote Awareness of the Canada Student Loans Program

The same survey of youth<sup>6</sup> also tracked awareness levels.

- In integrated provinces (provinces that have combined the loan administration process with the federal government), 47% were aware of the CSLP, while in non-integrated provinces, 39% were aware.

The CSLP conducted another survey with only the borrowers to determine their levels of awareness and client satisfaction.<sup>7</sup>

- 72% of the borrowers in repayment found that options were clear to them at the time they entered into the repayment period, but there was still a large difference in understanding certain details of their loans, such as the current interest rate.

## A Positive Loan Experience

Seventy-five percent of borrowers said they were satisfied with the Canada Student Loans Program overall. Only 4% of borrowers expressed dissatisfaction. In addition, there were more borrowers who believed service had improved than borrowers who thought it had worsened over the previous year.

In terms of client satisfaction with service from the National Student Loan Service Centre:

- 76% of borrowers were satisfied with the assistance they received on responding to their enquiry on the first contact.
- 76% of borrowers were satisfied that their questions were answered completely.<sup>8</sup>

## Integrity of the Canada Student Loans Program

As Canada Student Loans are funded through the Government of Canada, measures have been put in place to ensure that taxpayer dollars are well spent, that the program is delivered properly and that financial statements are accurate. The CSLP has worked to reduce the loan default rate and it regularly conducts audits and verifications. Among our achievements for the 2006-2007 loan year:

- The three-year cohort default rate declined from previous years. However, an increase of 2% is forecasted for borrowers who entered into repayment in 2006-2007 (Table 10).
- The CSLP completed some 55 investigations involving about \$0.64 million.
- The CSLP shared its first assessment of educational institution repayment rates with the provinces and Yukon, following implementation of the Designation Policy Framework which was launched in 2004. Designation is the process that enables post-secondary education institutions to offer government financial assistance programs for students, meaning that students at those institutions can apply for financial aid.
- Completing joint compliance reviews with several provinces to assess, among other things, how prepared post-secondary institutions are to comply with the Designation Policy Framework.

6 Createc+: Special Investment Fund – 2007 SIF Omnibus Survey, July, 2007.

7 Createc+: 2007 CSLP Client Satisfaction Survey, August 2007.

8 Ibid.





## INTRODUCTION

The Annual Report for the Canada Student Loans Program (CSLP) informs Parliament and Canadians of the CSLP's achievements and performance for the 2006-2007 loan year (August 1, 2006, to July 31, 2007) and provides detailed financial information for the 2006-2007 fiscal year (April 1, 2006, to March 31, 2007).

This report is neither a policy document nor a research paper, but is a summary of significant program activities that tells readers about the state of the CSLP. It is important to note that all data in this report represent only the federal share of a borrower's loans and grants. Borrowers are also likely to have provincial or territorial loans and may have received funding from other sources as well.

**Part I** of the report describes the **Background**, including the context and history, as well as roles and responsibilities of the CSLP. It also discusses external factors that influence the operations of the program and enhancements made to it.

**Part II** of the report looks at the **Program Activities** as they support students before, during and after post-secondary education. This includes examining to what degree youth are aware of the CSLP's programs and to what degree they use them, as well as who exactly are the Canada Student Loan borrowers and grant recipients. **Part II** also outlines the overall performance of the Canada Student Loans portfolio for the 2006-2007 loan year, and includes information on loan and grant disbursements, loan repayment, and debt management options for borrowers after they finish post-secondary education.

**Part III** provides **Program Results** in the CSLP's 2006-2007 loan year.

**Part IV** provides **Financial Details**, such as financial data and appendices.

A **glossary** of terms that relate to the CSLP is at the end of the report. Terms that are set in green type in the report are defined in the glossary.



# PART I BACKGROUND

## CHAPTER 1. FINANCIAL ASSISTANCE FOR STUDENTS

### 1.1 POST-SECONDARY EDUCATION IN CANADA

In today's world, the most successful nations are the ones that rise to the challenge of changing technologies, skills and knowledge. Post-secondary education is an investment in Canada's future, and more Canadians than ever before are going on to post-secondary education, giving Canada an important competitive edge.

In 2006, 49% of Canadians aged 15 and over had post-secondary education credentials, whether trade certificates, college diplomas, or university degrees. This is an increase of 16 percentage points since 1990.<sup>9</sup> A report from the Organisation for Economic Co-operation and Development (OECD) shows that Canada had the highest graduation rates for post-secondary education among the OECD and G7 countries in 2005 for people between the ages of 25 and 35.<sup>10</sup>

When people attain higher levels of post-secondary education, everyone benefits. Individual Canadians get better job opportunities and reach greater personal growth. Society as a whole also benefits since there is a correlation between post-secondary education and higher levels of community involvement, lower crime rates, and reduced use of the health-care system.<sup>11</sup>

Although attendance at post-secondary institutions is growing, financial barriers still prevent some Canadians from participating. In Canada, access to post-secondary learning opportunities is uneven, with attendance directly linked to individual financial status and geographical location.<sup>12</sup> With

rising tuition and living costs, many students are relying on outside sources of funding to access post-secondary education.<sup>13</sup>

### 1.2 EXTERNAL FACTORS INFLUENCING POST-SECONDARY ENROLMENT

The Canada Student Loans Program operates in the larger context of the Canadian economic, political and social environment. Many factors can affect both post-secondary enrolment and the delivery of the CSLP.

#### Socio-Economic and Demographic Factors

The economy influences the need for student financial assistance and the decision to either enrol in a post-secondary institution or enter the labour force. In a weak economy, students may stay in school longer if jobs are scarce. In a thriving economy, students may be more willing to enter the labour market because jobs with good salaries are available.

The location and cost of programs of study is another factor affecting access to post-secondary education. For instance, students in rural areas may need to move to attend a post-secondary institution if there is a lack of choice in their area. The cost of moving is a factor in a student's decision to pursue studies. Other external factors include inflation, tuition fees, the cost of living, and the cost of borrowing for both students and the Government.

9 Human Resources and Social Development Canada, calculations using Statistics Canada, Labour Force Historical Review, 2006, catalogue no. 71F0004X.

10 OECD, "Chart A1.3. Population that has attained tertiary education (2005)" Education at a Glance, 2007.

11 Canada Council on Learning, *Canadian Post-secondary Education: A Positive Record – An Uncertain Future*, Ottawa, 2006, <http://www.ccl-cca.ca/CCL/Reports/PostSecondaryEducation/>.

12 Canada Council on Learning, *Canadian Post-secondary Education: A Positive Record – An Uncertain Future*, Ottawa, 2006, <http://www.ccl-cca.ca/CCL/Reports/PostSecondaryEducation/PSESummary1.htm?Language=EN>.

13 Usher, A. and Potter, A., *The State of the Field Review of Post-Secondary Education*, prepared by Educational Policy Institute, 2006, <http://www.ccl-cca.ca/NR/rdonlyres/3093CF3C-C93B-49CC-995D-A01A778E44D6/0/SoFReviewonPSE.pdf>.



As well, a variety of family background factors— income, parents' education and family structure—all have an impact on whether a person chooses to pursue post-secondary education.<sup>14</sup>

The 2006 *Actuarial Report on the Canada Student Loans Program* projects that over the next 10 years the population aged 18 to 34 enrolled full-time in post-secondary education will decrease while the loan uptake rate will increase due to demographic changes.<sup>15</sup>

### 1.3 GOVERNMENT FUNDING

Though the CSLP is the largest program offering student financial assistance to Canadians, others exist at the federal, provincial and territorial levels.

#### Human Resources and Social Development Programs

- The Canada Education Savings Grant encourages Canadians to save for their children's post-secondary education by awarding grants to beneficiaries of Registered Education Savings Plans (RESPs).
- The Canada Learning Bond, introduced in 2005-2006, provides a grant to low-income families to begin an RESP and encourages parents to save for their children's post-secondary education.
- Individuals who receive Employment Insurance benefits might be eligible for courses, training programs, or other employment activities to make it easier for them to return to the labour market while still receiving income support during that period. This service is either co-managed with the provinces and territories, or provided by the provinces and territories through federal transfer payments.

#### Other Federal Government Programs

- The Canada Millennium Scholarship Foundation encourages a high level of student achievement and engagement in Canadian society. Millennium bursaries either reduce the recipients' student debt or address their unmet need, according to the agreement in place with each provincial or territorial government that distributes the bursary. Millennium access bursaries are targeted at students from groups that are traditionally underrepresented in post-secondary education, including First Nations, Inuit and Métis, students from low-income families, and others whose parents have not attended post-secondary education.
- Indian and Northern Affairs Canada assists First Nation and Inuit students with the costs of tuition, books and travel, and provides living allowances, through the Post-Secondary Student Support Program and the University College Entrance Preparation Program. Post-secondary institutions also receive support through the Indian Studies Support Program to develop and deliver special programs for Aboriginal people.
- Tax relief is available to all individuals with federal and provincial or territorial loans, through a federal tax credit on the annual interest portion of their student loan payments.
- The education tax credit provides up to \$400 per month for full-time students and \$120 per month for part-time students to help offset education expenses. The credit provides tax relief to more than 65,000 Canadians who are upgrading their skills and gives them access to the same tax benefits available to other post-secondary students.

14 Rahman, A.; Situ, J.; and Jimmo, V., *Participation in Postsecondary Education: Evidence from the Survey of Labour and Income Dynamics*, Statistics Canada, October 2005, Catalogue no. 81-595-MIE – No. 036.

15 Office of the Chief Actuary, *Actuarial Report of the Canada Student Loans Program as at 31 July 2006*, [http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06_e.pdf).

- The Official Languages in Education Program helps provinces and territories fund minority-language education and second-language instruction.
- Industry Canada offers scholarships and fellowships under the Natural Sciences and Engineering Research Council of Canada and the Social Sciences and Humanities Research Council of Canada.
- The Canada Social Transfer is a federal block transfer of funds to provinces and territories in support of post-secondary education, social assistance and social services.

**Provincial/Territorial and Other Funding**  
Provincial and territorial governments also offer loans, grants, scholarships, tax credits, and debt management programs. Students may also apply for scholarships and bursaries from their educational institutions and may apply for loans from financial institutions.

## CHAPTER 2. A LONG HISTORY OF HELPING STUDENTS

### 2.1 LOAN REGIMES

The Canada Student Loans Program (CSLP) provides loans and grants to students in need so that they can attend post-secondary education.<sup>16</sup> More than 4 million students have received almost \$30 billion in student loans since the program was launched in 1964.

The CSLP was originally created under the *Canada Student Loans Act*. Until 1995, student loans were provided under the guaranteed loans regime, where financial institutions administered the loans and the loan repayment process. In return, the Government of Canada guaranteed each Canada Student Loan that was issued by reimbursing the financial institution the full amount of loans that went into default.

Beginning in 1995, when the *Canada Student Financial Assistance Act* was introduced, loans were issued under a risk-shared loans regime. This means that financial institutions assumed responsibility for the possible risk of defaulted loans in return for a fixed payment from the Government.

Since August 1, 2000, Canada Student Loans have been issued under the direct loans regime. The *Canada Student Financial Assistance Act* was amended to allow the Government of Canada to directly finance loans through the CSLP. Under

direct lending, private third-party service providers administer loans and repayments. The Act allows the CSLP to have more control over the repayment process and to be able to offer non-repayable grants to targeted students with demonstrated financial need.

As no new loans are being distributed under the guaranteed and risk-shared loan regimes, all guaranteed loans are expected to be phased out by 2018, and risk-shared loans are expected to be phased out by 2023.<sup>17</sup> Until borrowers finish repaying loans from these previous regimes, a small percentage of borrowers may hold Canada Student Loans from more than one regime, making separate payments for each.

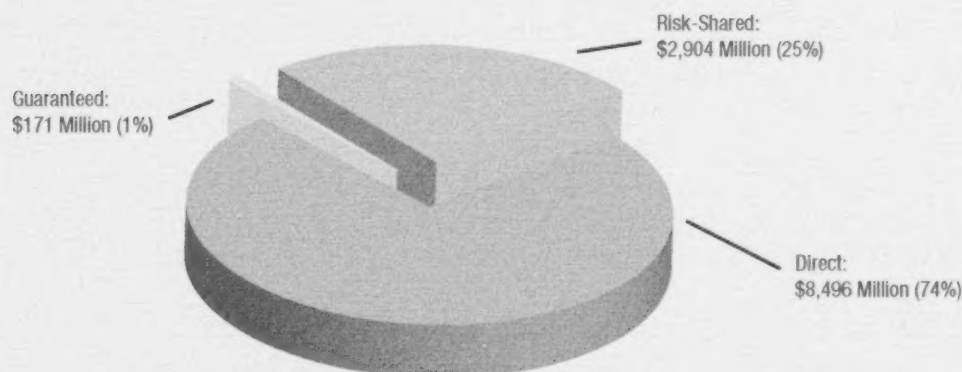
The CSLP portfolio includes all loans that have yet to be paid back, including loans held by students who are still in school. The total value of the portfolio, including guaranteed, risk-shared and direct loans, was \$11.6 billion on March 31, 2007. This represented a \$497-million increase since March 31, 2006.

Graph 1 represents the distribution of loans based on regime: 1% in guaranteed, 25% in risk-shared and 74% in direct loans. Forty percent of the Canada Student Loan portfolio is held by borrowers in study,<sup>18</sup> for a total of about \$4.7 billion, while the remaining 60% is held by borrowers in repayment (Appendix A).

16 Post-secondary education includes public education institutions (university or community college) and private education institution (trade school, private vocational school and/or career college).

17 Office of the Chief Actuary, *Actuarial Report of the Canada Student Loans Program as of 31 July 2006*, [http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/cslp06_e.pdf).

18 "In-study" refers to borrowers who are still attending a post-secondary institution or are within six months of finishing school (grace period).

**Graph 1: CSLP Loan Portfolio by Loan Regime (as of March 31, 2007)**

## 2.2 GRANTS

Canada Study Grants were introduced in 1995-1996 and provide assistance to eligible students with dependants, students with permanent disabilities, high-need part-time students, and females pursuing doctoral studies in areas in which women are traditionally underrepresented.

Canada Access Grants for Students with Permanent Disabilities and Canada Access Grants for Students from Low-Income Families were introduced in 2005-2006.

In the 2006-2007 loan year, the CSLP awarded 87,368 grants for a total value of about \$142 million. To date, over 500,000 Canada Access Grants and Canada Study Grants with a total value of over \$845 million have been disbursed.

## 2.3 PARTNERS

Human Resources and Social Development Canada (HRSDC) is the federal department responsible for managing the CSLP, which delivers loans and grants to students through numerous partnerships.

Delivery partners include all provinces except Quebec, Yukon Territory, contracted private sector

service providers, Public Works and Government Services Canada, Service Canada, Canada Post, and the Canada Revenue Agency.

### Provincial and Territorial Partners

The Government of Canada funds 60% of a borrower's loan up to a maximum of \$210 per week of study. Provinces and territories provide the remaining funding for students in their jurisdiction; and they process loan applications based on demonstrated financial need. If eligible, students could receive a Canada Student Loan, Canada Study Grant and/or Canada Access Grant, in addition to provincial/territorial student loans and/or grants.

Quebec, Nunavut and the Northwest Territories do not participate in the CSLP, but receive alternative payments from the Government of Canada to operate their own student financial assistance programs.

The Government of Canada has been working with the participating provinces and territories to integrate the administration of the CSLP and provincial loan programs and provide a one-student, one-loan approach. As a result of the integration agreements that the CSLP has with four provinces—Ontario, Saskatchewan, Newfoundland and Labrador, and New Brunswick—about 67% of borrowers can manage their loans and make



payments on both their federal and provincial loans at the same time to the same place. Borrowers who hold a loan from a province or territory without an integration agreement have to make separate loan payments for their provincial/territorial loan and their Canada Student Loan.

The CSLP co-chairs the Intergovernmental Consultative Committee on Student Financial Assistance. This federal/provincial/territorial committee pursues ongoing consultations on policy and program development. Its members meet at least twice a year to discuss basic administrative criteria and coordinate their respective programs and policies. The committee also establishes federal/provincial/territorial working groups to deal with specific issues about student financial assistance.

### Service Providers

In addition to working with provinces and territories, the CSLP contracts two private sector service providers to manage borrower accounts and operate under the name of the National Student Loans Service Centre. The service centre is the main point of contact for borrowers in managing their loans, and serves them through different phases of the loan cycle, from loan disbursement to repayment and debt management. Borrowers in integrated provinces deal with the service centre as a single point of contact for their federal and provincial student loans.

### Other Stakeholders

One of the main ways that the CSLP consults with stakeholder groups is through the National Advisory Group on Student Financial Assistance. This group gives student associations, educational organizations and student financial aid administrators a way to let government know their views on the policies and practices related to federal student financial assistance. They typically meet twice a year to discuss specific issues and to provide input on policy development and program delivery. Various provincial/territorial stakeholders and members of the academic community are also consulted regularly.

The following associations are among the national stakeholders consulted:

- ~ Canadian Alliance of Student Associations
- ~ Canadian Federation of Students
- ~ National Educational Association of Disabled Students
- ~ Association of Canadian Community Colleges
- ~ Association of Universities and Colleges of Canada
- ~ Canadian Association of University Continuing Education
- ~ Canadian Association of University Teachers
- ~ National Association of Career Colleges
- ~ Canadian Association of Student Financial Aid Administrators
- ~ Canadian Association of University Business Officers
- ~ Canadian Millennium Scholarship Foundation

## CHAPTER 3. ENHANCEMENTS TO POST-SECONDARY EDUCATION

### 3.1 BUDGET CHANGES

#### 2006 Federal Budget

- \$370 million in new investments over two years to help foster excellence in and accessibility to post-secondary education.
- Additional funding of up to \$1 billion to provinces and territories to promote innovation and accessibility in post-secondary education.
- The Minister of HRSDC to consult with the provinces and territories on objectives, roles and accountability for post-secondary education and training.
- Increased direct supports to students and their families including:
  - expanding eligibility for Canada Student Loans, effective August 2007 to allow more students from families in the \$65,000 to \$140,000 income range to access Canada Student Loans. This represents a 17% increase, on average, of the minimum income threshold at which parents are expected to contribute to their children's education.
  - creating a new tax credit for textbooks to provide a tax reduction of \$65 per month for full-time post-secondary students and \$20 per month for part-time students.
  - eliminating the \$3,000 limit on the amount of scholarship, bursary and fellowship income a post-secondary student can receive without paying federal income tax.

#### 2007 Federal Budget

- An additional \$800 million in annual support, for a total annual transfer of \$3.2 billion to the provinces and territories by 2008-2009. This represents a 40% increase in total transfer support for post-secondary education, and federal support will grow by 3% every year thereafter.
- A review of the CSLP aimed at modernizing and simplifying the program. Consultations with provinces, territories and stakeholders have begun.
- Enhancements to registered education savings plans (RESPs):
  - eliminating the \$4,000 limit on annual contributions
  - increasing the lifetime RESP contribution limit from \$42,000 to \$50,000
  - increasing the maximum Canada Education Savings Grant annual amount from \$400 to \$500.

### 3.2 ADVANTAGE CANADA

Another important boost to education is the Government of Canada's long-term, national plan to make Canada a world economic leader in five key areas including knowledge. Under this plan, unveiled in 2006, the Government of Canada has committed to maintaining Canada's position as the OECD leader in the proportion of the population with a university or college education by:

- Strengthening the quality and competitiveness of the post-secondary education system providing stable funding to provinces and territories.

- Working with provinces and territories to develop shared objectives, clarify roles and responsibilities, and enhance public accountability.
- Modernizing Canada's system of student financial assistance.
- Marketing the excellence of Canada's post-secondary education system to attract the best foreign students.

### 3.3 PROGRAM CHANGES

#### The New Service Provider Contract

The CSLP signed a new contract with a single service provider to deliver and administer Canada Student Loans.

#### **The Performance-Based Contract: A New Approach to Service Delivery**

With the introduction of direct loans in 2000, Canada Student Loans were administered by two separate private sector service providers. They operated as the National Student Loan Service Centre for Canada Student Loans (and loans issued by integrated provinces). Resolve Corporation served borrowers attending private post-secondary institutions, and EDULINX Canada Corporation served borrowers attending public institutions.<sup>1</sup>

As the expiry dates approached on the original contracts, the Government of Canada sought an improved arrangement. The Government determined that moving from two service providers to one for all borrowers would simplify the administration of the program. In December 2006, following a competitive procurement process, the Government of Canada signed a new service provider contract with Resolve Corporation.

The new service provider contract is a significant improvement in performance management. Under the old contract, the service providers were paid based on the transactions they managed. There was very little financial incentive to improve services, and little to discourage poor performance. The new contract is performance-based. This means that the service provider can gain or lose a significant amount of funding based on its performance in areas such as reducing default and improving client satisfaction.

The new contract will make it profitable for the service provider to improve the service it offers the CSLP and borrowers. The CSLP will work with the service provider to reduce loan defaults and improve services for borrowers and the government.

<sup>1</sup> In May 2007 Resolve acquired EDULINX and began to service both portfolios under separate contracts.

### 3.4 RECOMMENDATIONS OF THE AUDITOR GENERAL OF CANADA

In May 2007, the Office of the Auditor General reported on its audit of *Federal Loans and Grants for Post-Secondary Education*.<sup>19</sup> The Auditor General also examined the Millennium Bursary and Access Bursary programs of the Canada Millennium Scholarship Foundation, and examined how the Canada Revenue Agency ensures that the proper controls are in place for collecting defaulted loans.

The Auditor General reported:

- "With a few exceptions, the Canada Student Loans and the Canada Access Grant programs are well managed and have the necessary controls in place."<sup>20</sup>
- "The Program's portfolio management strategy is well managed and achieving results."<sup>21</sup>
- "HRSDC [is] taking steps to make prospective post-secondary students and their families more aware of the financial assistance available to them. The Department has also improved its communication to students about measures that would help them manage their debt."<sup>22</sup>

The Auditor General made specific recommendations for the CSLP in the areas of control framework and performance management. Following are some of the key recommendations, along with the CSLP's plans for improvement:

- The CSLP should develop a performance measurement strategy for making post-secondary education more accessible to Canadians.

*The CSLP reports on program performance through several outlets. In the future, the CSLP's performance measurement strategy will be better articulated in a single framework document.*

- The CSLP should improve documentation of its review of provincial and territorial processes for eligibility and needs assessment and any controls that are put in place.

*The CSLP currently shares information regularly with participating provinces and territories. It will ensure that its conclusions on the adequacy of the Program's controls for eligibility and needs assessments are better documented.*

- There should be a summative evaluation of the CSLP that focuses on program impacts and outcomes, and this report should be completed within five years.

*A five-year phased approach to a summative evaluation has been adopted.*

- The CSLP should improve its consultations with the Canada Millennium Scholarship Foundation on issues of mutual interest, and should document these consultations and their outcomes to aid future decision-making.

*The CSLP consults with the foundation regularly on areas of shared program objectives, while recognizing its arm's-length status. The CSLP will ensure that results of key discussions with the foundation are recorded. The Foundation has been invited to join the National Advisory Group on Student Financial Assistance, which meets twice annually.*

19 Report of the Auditor General of Canada—May 2007, Ch 2

20 Report of the Auditor General of Canada—May 2007, Ch 2, p. 28

21 Report of the Auditor General of Canada—May 2007, Ch 2, p. 20

22 Report of the Auditor General of Canada—May 2007, Ch 2, p. 2



### 3.5 EVALUATION

A Summative Evaluation of the Canada Students Loans Program is being undertaken over the course of five years, which began in 2006-2007. A series of projects are summarized each year in a report. Findings of evaluative work completed in this loan year include:

- The program appears to achieve its objectives in assisting students from low-income backgrounds obtain post-secondary education.
- The CSLP contributes to Canada's success in having one of the most educated work forces in the world.

The CSLP's basic rationale of increasing access to PSE was found to be sound. There is widespread need for the program, given the unwillingness of private lending institutions to lend to students. A large portion of CSLP clients would be unable to attend post-secondary education were it not for student loans and grants.



PART II  
PROGRAM  
ACTIVITIES

## CHAPTER 4. BEFORE POST-SECONDARY EDUCATION

### 4.1 AWARENESS OF CSLP AND CANLEARN

The Canada Student Loans Program (CSLP) sheds light on the costs and benefits of post-secondary education, and the financing options available to students through CanLearn. It also improves awareness of targeted grants for students who traditionally have faced barriers accessing post-secondary education. Chapter 7 discusses program results related to awareness.

#### CanLearn

To increase awareness of the CSLP and fulfill a commitment to service excellence, the program uses information technologies and online services. A central element of this commitment is the CanLearn Web site ([www.canlearn.ca](http://www.canlearn.ca)), an online source for information and services about post-secondary

education. This site provides Canadians with integrated services and information that help them to save, plan and pay for post-secondary education. CanLearn provides:

- the necessary resources (from interactive planning tools to information about savings programs, student loans, and scholarships) to Canadians facing important decisions when saving for, selecting and financing their post-secondary education.
- the opportunity for provincial and territorial governments, learning institutions and other organizations to collaborate on providing information and planning tools for Canadians.

CanLearn also links to the National Student Loan Service Centre Web site and allows students to check the status of their loan.

### Getting the Message Out

The CSLP's exhibit travels to various events across the country to distribute CSLP publications, to help fair attendees navigate the CanLearn Web site, and to answer questions on student financial assistance. Between August 1, 2006, and July 31, 2007, the CSLP attended 14 events in eight provinces, including education and career fairs, stakeholder conferences, and high school information fairs.

The Pan-Canadian Communications Campaign is a five-year social marketing initiative developed by the federal government in partnership with the provinces and territories. Its objective is to encourage families to plan and save for **post-secondary education**.

Year 2 of the campaign ran from September 2006 to mid-March 2007. The federal portion ran seven months in national French and English magazines across Canada, such as *TV Guide*, *enfants québec* and *House and Home*, as well as in online banner ads on parenting Web sites such as BABYStages (French and English) and Canadian Family. The provincial-territorial portion ran in British Columbia, Alberta, Manitoba, Saskatchewan, and Yukon for six weeks in the fall of 2006. Nova Scotia and New Brunswick ran it in March 2007. The provinces and territories ran a mix of radio and newspaper ads. Saskatchewan ran the ad on billboards in rural and urban settings. The advertisements directed their audience to the CanLearn Web site and 1 800 O-Canada for more information.



## 4.2 SIMPLIFYING THE LOAN APPLICATION PROCESS

As Canada Student Loans borrowers are often first-time borrowers, the CSLP wants to make the application process easier to understand.

### Integration Agreements

By integrating the federal and provincial loans processes, there is only one needs assessment, one loan certificate and loan agreement form, and one set of common repayment assistance measures for each borrower. As a result, students have one debt administered by one organization and make only one payment when repaying their integrated student loans. This greatly streamlines the loan process.

Currently, the CSLP has integration agreements with Ontario, Newfoundland and Labrador, Saskatchewan, and New Brunswick. In addition, Memoranda of Understanding were signed with Newfoundland and Labrador and Saskatchewan in 2007 to extend the joint administration of student financial assistance so that Canada will collect on defaulted provincial student loans. The Memorandum of Understanding with Saskatchewan further details the associated costs and processes that had been provided for in the 2001 integration agreement.

### Other Federal/Provincial Agreements

In May 2007, a Memorandum of Understanding was signed with Newfoundland and Labrador to allow Service Canada to validate the Social Insurance Number-related information of the provincial student loan applicants. Such agreements are already in place with Ontario, British Columbia, and Manitoba.

### Application Documentation Process

To simplify the documentary requirements for borrowers, combined Certificate of Eligibility and Student Loan Agreement forms are available for Canada Student Loans and integrated student loans. Alberta Learning Information Service, in collaboration with the Canada Student Loan Program, streamlines the confirmation of students' full-time enrolment through electronic means. Similar processes are in place, in full or in part, in other participating jurisdictions.

## CHAPTER 5. DURING POST-SECONDARY EDUCATION

### 5.1 DISBURSEMENTS

The Government of Canada pays the interest on loans for full-time students while they are in school.<sup>23</sup> In the 2006-2007 loan year, more than 450,000 borrowers (all in-study borrowers, including those who received a loan this year) received in-study interest subsidies.

Part-time students who have loans must make payments on the interest of their loan while in-study, but do not need to make payments on the principal of their loan until they finish school.

ers and the value of the loans disbursed remained stable compared to the previous year (Table 1).

#### 5.1.2 Disbursements to Part-Time Students

In 2006-2007, \$4 million was disbursed to part-time students, who accounted for less than 1% of the total borrower population. The number of part-time student borrowers has continued to decrease over the last three years, with 264 fewer borrowers than in the 2005-2006 loan year. In contrast to full-time student borrowers, part-time student borrowers received an average loan of \$1,880, which is a slight increase over the previous loan year. The

**Table 1: Canada Student Loan Disbursements**

Loan year: August 1–July 31

Status	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)
Full-Time	337,256	1,629	4,829	343,638	1,935	5,631	343,261	1,927	5,614
Part-Time	2,572	5	1,798	2,127	4	1,795	1,863	4	1,880
<b>Total</b>	<b>339,828</b>	<b>1,633</b>	<b>N/A</b>	<b>345,765</b>	<b>1,939</b>	<b>N/A</b>	<b>345,123</b>	<b>1,931</b>	<b>N/A</b>

\*\* The increase in the average loan amount from the 2004-2005 year can be partly attributed to the increase in the weekly loan limit from \$165 to \$210 that came into effect in the 2005-2006 loan year. The weekly limit was increased to better respond to the rising cost of post-secondary education and reduce students' reliance on private borrowing.

#### 5.1.1 Disbursements to Full-Time Students

The CSLP assisted 36.2% of all students who attended post-secondary institutions full time in 2006-2007. Of the roughly 954,000 post-secondary students in participating Canada Student Loan jurisdictions this year, the CSLP provided \$1.9 billion in loans to 343,261 full-time students.<sup>24</sup> The number of borrow-

low average may be partly attributed to three factors: assistance for part-time students is up to a cumulative amount of \$4,000, part-time student borrowers are required to pay interest while in school, and part-time student borrowers are eligible for Canada Study Grants for High-Need Part-Time Students, all of which could reduce their loan amount.

23 Full-time student borrowers can receive Canada Student Loans and in-study interest subsidies up to a lifetime limit of 340 weeks (after August 1, 1995). Borrowers who reach the lifetime limit while still in school are required to begin repaying their Canada Student Loan.

24 Office of the Chief Actuary, *Actuarial Report of the Canada Student Loans Program at 31 July 2007*.

## 5.2 DEMOGRAPHIC PROFILE OF CANADA STUDENT LOAN BORROWERS

Where students go to study, their level of study, their age, gender and marital status, and what institution they choose all provide insight about who is receiving Canada Student Loans. Knowing who is borrowing allows the CSLP to provide better service, facilitate access to post-secondary education, and contribute to improved repayment of loans.

The following characteristics about borrowers have not changed since the previous loan year:

- more borrowers are women than men
- more borrowers are single than married
- more borrowers are under the age of 25 than in other age groups
- more borrowers are enrolled in undergraduate university programs than in non-degree or post-graduate programs

- more borrowers study in Ontario than elsewhere

Reference tables for full-time and part-time student borrowers can be found in the appendices.

### 5.2.1 Borrowers By Province Or Territory

Over half of all Canada Student Loan borrowers (56%) were from Ontario in the 2006-2007 loan year. British Columbia had the second-highest number of borrowers (15%). Ontario's number of borrowers increased by 6%, while the rest of the participating jurisdictions saw decreases. Alberta had the most significant decrease (11%) in the number of borrowers since 2005-2006.

Prince Edward Island had the greatest increase in the average loan amount for the past year with an increase of \$494 or 8%. Borrowers from Prince Edward Island also had the highest average loan amount (\$7,035), while borrowers in Newfoundland and Labrador borrowed the least (\$5,146) (Table 2).

**Table 2: Loans to Full-Time Students by Province/Territory**

Loan year: August 1–July 31

Province/ Territory	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)
NL	10,395	47	4,476	9,640	49	5,110	8,887	46	5,146
PE	3,280	17	5,261	3,239	21	6,541	3,206	23	7,035
NS	16,044	89	5,536	15,895	107	6,739	15,477	103	6,629
NB	15,434	80	5,184	15,918	89	5,576	15,676	91	5,831
ON	167,354	769	4,594	182,016	971	5,336	192,875	1,035	5,366
MB	9,180	41	4,518	9,305	49	5,238	8,496	44	5,210
SK	14,132	71	5,043	13,245	81	6,102	12,346	74	5,997
AB	41,422	199	4,801	37,844	215	5,682	33,779	189	5,607
BC	59,764	314	5,261	56,306	351	6,242	52,298	321	6,136
YT	251	1	4,944	230	1	6,119	221	1	6,100
<b>Total</b>	<b>337,256</b>	<b>1,629</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>	<b>343,261</b>	<b>1,927</b>	<b>5,614</b>

### Loans to Part-Time Students by Province/Territory

Ontario also had the highest percentage of all part-time student borrowers at 35%, followed by Alberta at 22%. On average, part-time student borrowers from Prince Edward Island and British Columbia borrowed the most (\$2,520 and \$2,403 respectively) in 2006-2007, compared to the national part-time loan average of \$1,880 (Appendix B).

### 5.2.2 Mobility: Where Borrowers Go to Study

One of the benefits of the CSLP is that students can include moving and living costs associated with changing location for post-secondary education in the needs assessment process. Canada Student Loans are portable, which gives borrowers the opportunity to attend the post-secondary institution of their choice anywhere in the country.

Almost nine out of ten (89%) full-time student borrowers remained in their home province or territory to study in the 2006-2007 loan year. Ontario borrowers were the most likely (94%) to remain in their home province or territory to study, followed by borrowers in British Columbia (87%). This has been consistent over the last three years.

The situation is almost reversed for Yukon: 86% of borrowers studied outside the territory in 2006-2007. Borrowers from Prince Edward Island remained the second most mobile borrowers in Canada, at 41%. Borrowers in certain provinces and territories may have higher mobility because there are few post-secondary institutions and a limited selection of programs in those jurisdictions, or they may prefer specific institutions outside their home province or territory.

Borrowers from the Atlantic provinces who left their home province to study tended to remain in Atlantic Canada or went to Ontario. Similarly, mobile borrowers in Western Canada tended to stay in Western Canada or went to post-secondary institutions in Ontario. Appendix C describes borrower mobility by province/territory, and shows where borrowers study when leaving their province/territory.

Borrowers who attended university and private institutions were equally mobile, with 14% pursuing post-secondary education outside their home province or territory, while 5% of college borrowers left their home province (Table 3).

**Table 3: Borrower Mobility by Type of Institution**

Loan year: August 1–July 31

Institution Type	2004-2005 Borrowers					2005-2006 Borrowers					2006-2007 Borrowers				
	Remaining in Home Province		Moving Outside Home Province		Total	Remaining in Home Province		Moving Outside Home Province		Total	Remaining in Home Province		Moving Outside Home Province		Total
	#	% Total	#	% Total		#	% Total	#	% Total		#	% Total	#	% Total	
University	162,102	85.4%	27,678	14.6%	189,780	169,579	85.8%	27,987	14.2%	197,566	172,992	86.0%	28,198	14.0%	201,190
College	104,852	94.8%	5,707	5.2%	110,559	103,826	94.9%	5,571	5.1%	109,397	101,483	95.1%	5,204	4.9%	106,687
Private	32,480	87.2%	4,779	12.8%	37,259	32,029	86.5%	4,991	13.5%	37,020	30,393	85.9%	4,991	14.1%	35,384
Total**	299,434	88.7%	38,164	11.3%	337,256	305,434	88.9%	38,549	11.2%	343,638	304,868	88.8%	38,393	11.2%	343,261

\*\* Overall numbers of borrowers for institutions are slightly greater than total numbers as borrowers may have taken loans from more than one type of institution.



### 5.2.3 Borrowers by Type of Institution

In 2006-2007, 59% of full-time student borrowers attended university. This is a 2% increase over 2005-2006, and 3% since 2004-2005.

The proportion of full-time student borrowers attending college decreased from 33% in 2004-2005 to 32% in 2005-2006, and to 31% in 2006-07. The same trend is true for full-time students at private institutions: borrowers decreased from 11% in 2005-2006 to 10% in 2006-2007 (Graph 2).

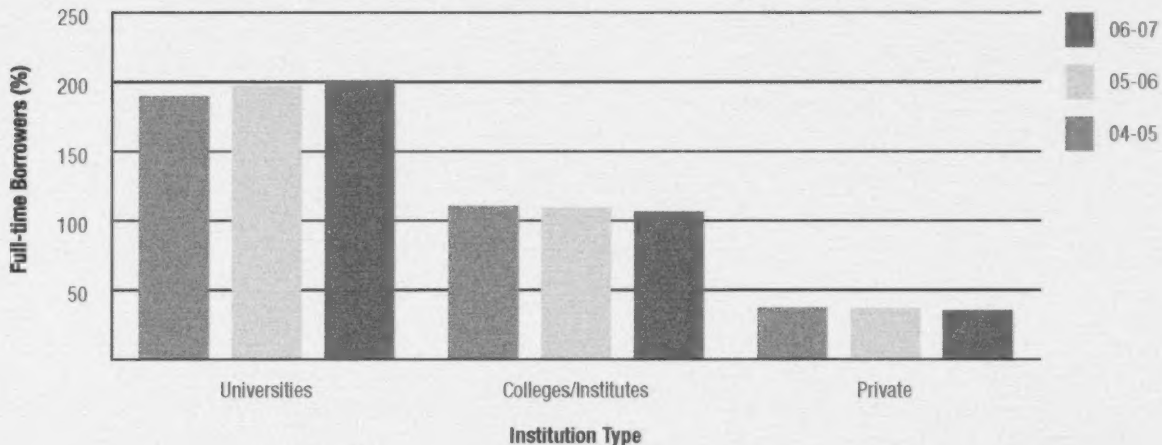
of \$2,935, and almost double the amount of college borrowers (\$1,561). Part-time university students had an average loan of \$1,856. These averages are similar to last year (Appendix B).

### 5.2.4 Borrowers by Study Level

Most full-time student borrowers (58%) were enrolled in undergraduate programs, while 37% were enrolled in non-degree-granting programs at private institutions, colleges or universities. Four percent of full-time student borrowers were masters

**Graph 2: Full-Time Student Borrowers by Type of Institution**

Loan Year: August 1-July 31



Private institution borrowers continued to have the highest average loan (\$7,031), while borrowers from college had the lowest at \$5,096 (Appendix D).

### Part-Time Student Borrowers by Type of Institution

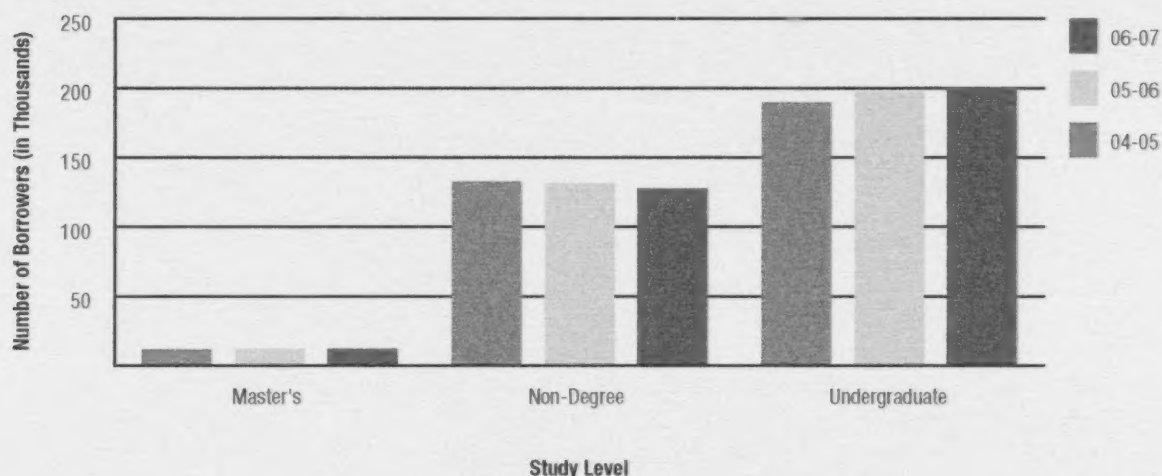
In the 2006-2007 loan year, 50% of all part-time borrowers attended university, 38% attended college and 12% attended a private institution, similar to last year.

The average value of loans differs greatly between institution types. Part-time students attending private institutions borrowed the most, at an average

or doctoral students (Graph 3). The proportion of full-time student borrowers enrolled in non-degree-granting programs at private institutions decreased by 2% since 2004-2005, while the number in undergraduate programs increased by 2%. The proportion in masters or doctoral studies remained stable.

**Graph 3: Full-Time Student Borrowers by Study Level**

Loan Year: August 1–July 31



Unlike full-time student borrowers, a majority of part-time borrowers (52%) were enrolled in non-degree granting programs (Appendix E).

### 5.2.5 Borrowers by Age

Among full-time student borrowers in the 2006-2007 loan year:

- 50% were 21 and under
- 29% were 22 to 25
- 10% were 26 to 29
- 11% were 30 and over

There were fewer borrowers of all ages compared to the previous year, except those 21 and under.

Among part-time student borrowers, 37% were 30 and over.

In 2006-2007, the average loan amount for full-time students increased with age. Those 30 years old and over had an average loan of \$6,719, while those 21 and under had an average loan of \$4,925.

This variation can be explained by several factors.

Older borrowers tend to be classified as independent students, so their parents' income is not considered as a resource, while younger borrowers are more likely to be classified as dependants, so expected parental contributions could reduce the amount of their loan. Second, older borrowers tend to be enrolled in graduate-level studies, where tuition fees and other expenses are higher. Third, older borrowers live away from home than do younger borrowers, and therefore receive higher loans to cover living expenses. Last, older borrowers are more likely to have children and therefore would have higher expenses and larger loans. Appendix F provides more detail.

### 5.2.6 Borrowers by Gender

More full-time female students than males received Canada Student Loans (60% to 40%). Similarly, among part-time student borrowers, 67% were women and 33% were men. For both full-time and part-time, women continued to have a larger loan amount than men on average (Appendix G).

### 5.2.7 Borrowers by Marital Status

The vast majority of the borrower population was single: 87% of full-time students and 73% of part-time students. Eight percent of full-time and 14% of

part-time student borrowers were married,<sup>25</sup> while 5% full-time and 12% part-time were neither single nor married.<sup>26</sup>

Similar to last year, full-time student borrowers in the other category had the highest average loan (\$7,090) an increase of 26% from 2004-2005. Among part-time borrowers, those who were married had the highest average loan (\$2,067) (Appendix H).

### 5.3.1 Canada Study Grants

Canada Study Grants provide assistance to eligible students with dependants, students with permanent disabilities, high-need part-time students, and females pursuing doctoral studies in programs in which women are traditionally underrepresented (Table 4).

## 5.3 GRANT DISBURSEMENTS

In the 2006-2007 loan year, the CSLP disbursed 87,368 Canada Access Grants and Canada Study Grants for a total value of about \$142 million. According to a 2007 survey of youth from the ages of 17 to 30, if a government study grant (which includes both federal and provincial grants) had not been awarded this year, 14% of government student loan borrowers could not have continued their studies.

**Table 4: Canada Study Grants Awarded, 2006-2007**

Loan Year: August 1-July 31

Province/ Territory	Students with Dependants (Full- Time and Part-Time)		Students with Permanent Disabilities		High-Need Part-Time Students		Females Pursuing Doctoral Studies		Total	
	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)
NL	472	593	70	313	14	15	3	9	559	929
PE	131	183	57	132	96	92	4	12	288	420
NS	945	1,484	464	1,503	15	18	13	39	1,437	3,044
NB	1,085	1,618	145	649			18	54	1,275	2,351
ON	17,045	25,720	9,208	12,228	269	234	110	327	26,632	38,508
MB	1,035	1,521	119	411	35	39	5	15	1,194	1,985
SK	2,156	2,992	292	1,253	36	42	5	14	2,489	4,301
AB	3,448	5,113	566	2,212	336	278	35	98	4,385	7,701
BC	6,406	9,831	1,031	1,597	2,018	1,958	96	254	9,551	13,640
YT	35	52	*	7	*	*	*	6	43	67
<b>Total</b>	<b>32,758</b>	<b>49,107</b>	<b>11,956</b>	<b>20,305</b>	<b>2,848</b>	<b>2,707</b>	<b>291</b>	<b>827</b>	<b>47,853</b>	<b>72,946</b>

\* Number of grants lower than 10 have been suppressed.

Notes: 1. Figures exclude grants that have been awarded by provincial/territorial governments.  
2. A student may receive more than one type of grant. As a result, the average amount disbursed to each student cannot be calculated.

25 The married category includes those who are common-law.

26 The other category represents students who were separated, divorced or widowed, or who gave no response to this question.

### Students with Dependants

In August 1998, this grant was introduced to help full-time and part-time students with dependants. Eligible full-time students may qualify for a grant of up to \$3,120, while part-time students may qualify for a grant of up to \$1,920 per loan year. Students will only be awarded this grant after the High-Need Part-Time Canada Study Grant and the maximum federal part-time loan assistance have been issued.

In the 2006-2007 loan year, 32,758 grants for students with dependants with the average value of \$1,499 were issued for a total of \$49 million, accounting for 67% of the total Canada Study Grant amount.

### Accommodation for Students with Permanent Disabilities

The Canada Study Grant for the Accommodation of Students with Permanent Disabilities was created in 1995 to help students offset the exceptional education-related costs associated with permanent disability. Full-time and part-time students with a permanent disability may qualify for a Canada Study Grant of up to \$8,000 per loan year for as long as they are eligible for loans. In the 2006-2007 loan year, 11,956 grants for the Accommodation for Students with Permanent Disabilities were issued, for a total of \$20 million, accounting for 28% of the total Canada Study Grant amount.

### High-Need Part-Time Students

This grant became available in 1995 to assist students in part-time studies whose income falls below a prescribed threshold. The maximum grant available to qualifying students is \$1,200 in any given loan year to cover allowable education costs (such as expenses for tuition, books and child daycare).

In the 2006-2007 loan year, 2,848 Canada Study Grants for High-Need Part-Time Students were issued, for a total of \$2.7 million, accounting for 4% of the total grant amount.

### Females Pursuing Doctoral Studies

Since 1995, this grant assists female students in certain doctorate programs in which women are traditionally underrepresented. These include certain areas of engineering and applied sciences, agriculture and biological sciences, mathematics and physical sciences, and arts, social sciences and related fields. Qualifying students are eligible for a maximum grant of \$3,000 in any given loan year for up to three years of study.

In the 2006-2007 loan year, 291 Canada Study Grants for Females Pursuing Doctoral Studies were issued, for a total of \$0.8 million, representing 1% of the total grant amount.

### 5.3.2 Canada Access Grants

The Government of Canada introduced two new grants in 2005-2006: the Canada Access Grant for Students with Permanent Disabilities and the Canada Access Grant for Students from Low-Income Families (Table 5).

### Students with Permanent Disabilities

This grant is available to full-time and part-time students who have a permanent disability to help cover the costs of accommodation, tuition, books, and other education-related expenses up to \$2,000 per loan year. It replaces the Canada Study Grant for High-Need Students with Permanent Disabilities, which was accessible only to students with a maximum amount of loans. The new grant extends the benefit to students who were not at the loan limit. In 2006-2007 loan year, 12,602 grants for Students with Permanent Disabilities were issued, for a total value of \$23.4 million. Compared with 2005-2006, 2,808 more grants were issued. This growth is due mainly to extending benefits to students who are not at the loan limit.



### Students from Low-Income Families

This grant is available to first-time borrowers enrolled in their first year at any designated post-secondary educational institution, in at least a two-year program that leads to a certificate, diploma or degree. It will cover half of tuition costs, up to a maximum of \$3,000. In the 2006-2007 loan year, 26,913 students from low-income families received this grant, for a value of \$45 million. This is an increase of 4,825 recipients and \$5 million in value from the 2005-2006 loan year.

**Table 5: Canada Access Grants Awarded in 2006-2007**

Loan Year : August 1-July 31

Prov. / Territory	CAG – Permanent Disability		CAG – Low-Income		Total	
	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)
NL	160	285	913	656	1,073	941
PE	138	258	225	483	363	741
NS	849	1,632	993	2,413	1,842	4,045
NB	427	798	1,454	3,009	1,881	3,806
ON	8,033	14,963	18,641	30,397	26,674	45,359
MB	263	474	474	627	737	1,101
SK	637	1,232	491	1,077	1,128	2,310
AB	778	1,507	1,089	2,121	1,867	3,628
BC	1,312	2,222	2,630	4,676	3,942	6,898
YT	*	10	*	7	*	17
<b>Total</b>	<b>12,602</b>	<b>23,381</b>	<b>26,913</b>	<b>45,466</b>	<b>39,515</b>	<b>68,848</b>

\* Number of grants lower than 10 have been suppressed.

- Notes:
1. Figures exclude grants that have been awarded by provincial/territorial governments or equivalent Canada Access Grants awarded by non-participating provincial/territorial governments.
  2. A student may receive more than one type of grant. As a result, the average amount disbursed to each student cannot be calculated.

Table 6 shows the breakdown by type of institution. Low-income grants were awarded most frequently to students attending university, followed by college and then private institutions. Permanent Disability grants to university and college students had a similar distribution level. The low number of students attending private institutions who received a low-income grant is consistent as most programs offered by private institutions are only one year in length and these students would not be eligible for this grant.

**Table 6: Canada Access Grants by Type of Institution**

Loan Year: August 1-July 31

Institution Type	Permanent Disability Grants		Low-Income Grants	
	No. of Grants	Value (\$thousands)	No. of Grants	Value (\$thousands)
University	6,054	11,413	15,778	32,079
College	5,881	10,663	10,307	11,352
Private	667	1,305	828	2,036
<b>Total</b>	<b>12,602</b>	<b>23,381</b>	<b>26,913</b>	<b>45,466</b>

## CHAPTER 6. AFTER POST-SECONDARY EDUCATION

The Canada Student Loans Program (CSLP) wants to ensure borrowers are satisfied with the loan experience and continually seeks their feedback on programs and services. Since this is often a first loan for most borrowers, the CSLP believes in providing additional assistance in planning for repayment and understanding the repayment process. The CSLP also understands that some borrowers have difficulty repaying their loan, and offers debt management measures to help.

Sixty percent of Canada Student Loans are held by borrowers in repayment, for a total of about \$7 billion. Guaranteed loans account for only 2% of loans in repayment, risk-shared loans accounted for 39%, and over half (58%) are direct loans that were issued by the Government of Canada since 2000. See **Appendix A** for details.

### 6.1 REPAYING LOANS

Once full-time student borrowers have finished their studies, interest begins to accumulate immediately on their loan, but no payments are required for six months after they have completed school. This six-month period is called the grace period. At the seventh month, the borrower's Canada Student Loans are consolidated and the borrower goes into the period known as in repayment. Borrowers typically have 114 months (9.5 years) to repay their loan on a monthly basis.

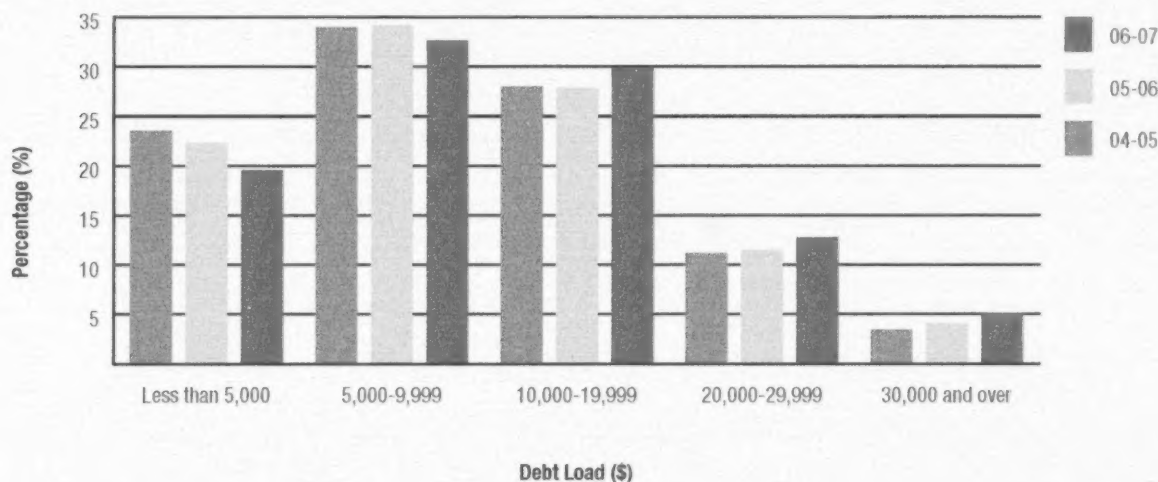
### 6.2 CANADA STUDENT LOAN INDEBTEDNESS

This refers to the amount a borrower owes the CSLP upon entering repayment. It's important to note that the amount a borrower owes reflects only the **federal** portion of a student loan. Borrowers are likely to also have student loans from provinces/territories.

Borrowers who began repayment during the 2006-2007 loan year owed the CSLP an average of \$12,232. This amount is \$909 higher than the amount owed by borrowers who entered repayment in 2005-2006. In general, borrowers from the Atlantic provinces, university borrowers, female borrowers, and borrowers in the 26 to 29 age category owed the

**Graph 4: Canada Student Loan Indebtedness by Debt Load**

Loan Year: August 1–July 31

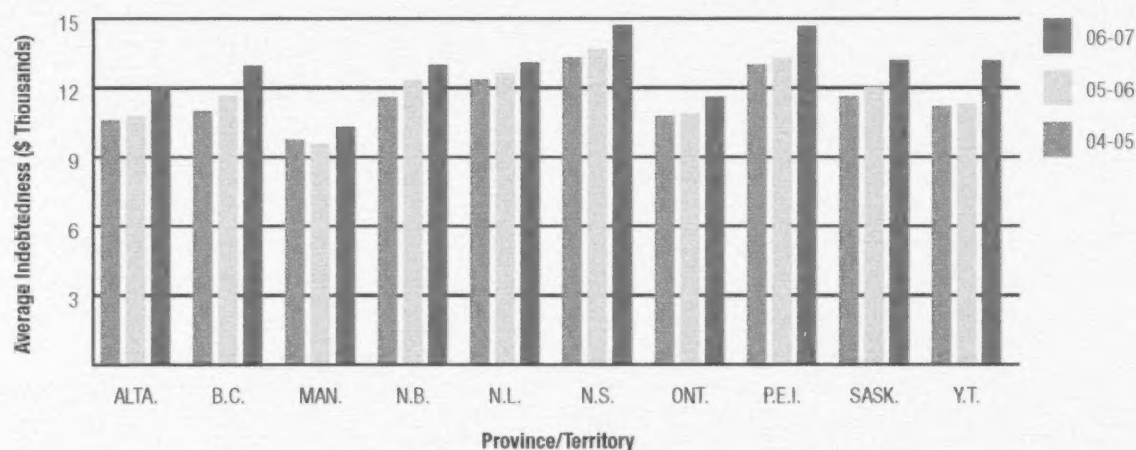


most. In 2006-2007, 48% of borrowers owed the CSLP over \$10,000 (30% owed between \$10,000 and \$19,999, and another 18% owed over \$20,000) (Graph 4). Appendix I provides more detail.

entering repayment, \$3,436 higher than the overall average, but it's important to note that university programs tend to be longer and more expensive than college or private institution programs (Appendix I).

**Graph 5: Average Indebtedness by Province/Territory**

Loan Year: August 1–July 31



#### Indebtedness by Province/Territory

In 2006-2007, the average amount owing upon entering repayment increased in all participating provinces/territories. Graph 5 shows that Manitoban borrowers owed the least (\$10,313), while Nova Scotian borrowers owed the most (\$14,733). Yukon and Prince Edward Island had the largest increases in the amount owing (\$1,900 and \$1,384 respectively). Newfoundland and Labrador had the smallest increase (\$465) (Appendix I).

#### Indebtedness by Type of Institution and Age

In the 2006-2007 loan year, the overall average debt level was \$12,232 for all post-secondary institutions (Graph 6). Borrowers from all institutions owed more than they did in 2005-2006.

The average amount owed by university borrowers increased by \$960, or 7%, since the 2005-2006 loan year. They owed an average of \$15,668 upon

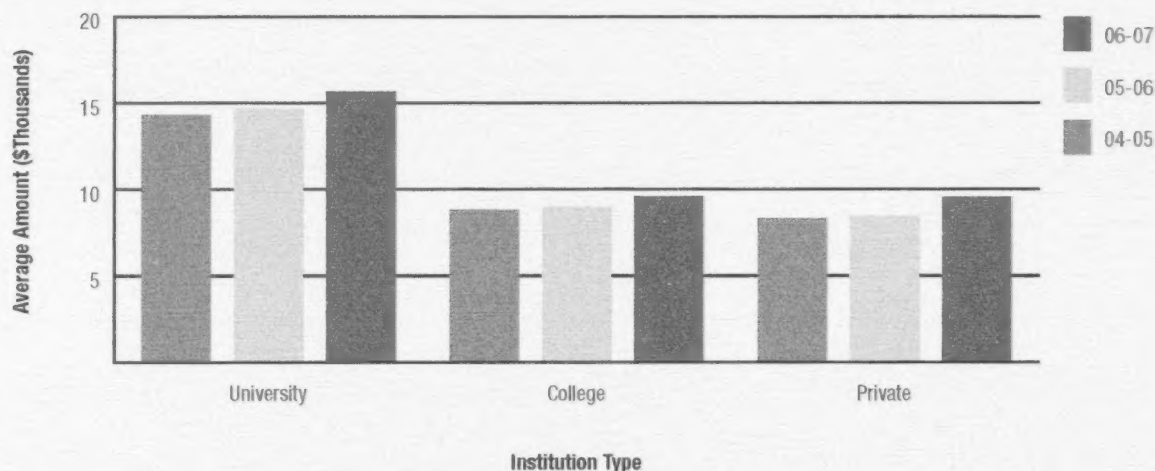
College borrowers also owed 7% more than they did in 2005-2006. They owed an average of \$9,619, which was \$2,613 lower than the overall national average of all borrowers. Like university borrowers, college borrowers aged 30 and over owed the most in their category upon finishing school at \$12,793.

Borrowers who attended private institutions owed 13% more than they did in 2005-2006. They owed an average of \$9,582 in 2006-2007 (Appendix I). Borrowers between the ages of 26 and 29 owed the most upon entering repayment at \$10,987. Although private institution borrowers received the most per loan year while in school (\$7,031), they owed the least upon entering repayment (\$9,582) compared with borrowers from universities or colleges. This is because they stay in school for a shorter period of time, cumulating lower amounts of debt, compared to borrowers who attended university.



**Graph 6: Average Indebtedness by Type of Institution**

Loan Year: August 1–July 31



Among all institution type and age categories, university borrowers 30 and older owed the most upon entering repayment (\$20,958), while college borrowers 21 and under owed the least at \$5,718 (Appendix I).

#### Indebtedness by Gender and Type of Institution

On average, women owed \$859 more than men in 2006-2007.

The highest level of debt belonged to females who attended university (an average of \$16,137), while the lowest level of debt belonged to females who attended private institutions (an average of \$9,483). See Appendix I for details on indebtedness.

### 6.3 DEBT MANAGEMENT MEASURES

The CSLP has greatly improved communication to borrowers about debt management measures. The

client satisfaction survey of Canada Student Loan borrowers conducted in 2007 reported that 77% of those in repayment who did not apply for interest relief in the past six months were aware that the National Student Loans Service Centre offered repayment assistance options. Only 9% could not name any of these options, which is a sizable decline from 40% in 2006.<sup>27</sup>

Borrowers are considered to be in arrears if they miss their monthly payments. Borrowers who continue to miss payments for a period longer than 270 days<sup>28</sup> are considered to be in default; defaulted loans are transferred to the Canada Revenue Agency for collection. The program strongly encourages borrowers to discuss debt management measures with the National Student Loans Service Centre if they have trouble making payments or are behind in their payments.

Borrowers who experience financial difficulty can apply for a revision of terms, borrowers who have temporary financial difficulty repaying their loan can apply for interest relief, and borrowers who

<sup>27</sup> Createc +: 2007 CSLP Client Satisfaction Survey, August 2007

<sup>28</sup> Period refers to direct loans. For guaranteed and risk-shared loans, a student loan is deemed to be in default when payments are in arrears for three months or more.

have prolonged financial difficulty can apply for debt reduction in repayment after they exhaust the interest relief measure.

### 6.3.1 Revision of Terms

A revision of terms provides borrowers with the flexibility to manage their loan repayment in a way that is responsive to their situation. It can be used to decrease monthly payment amounts if borrowers are unable to repay their government student loans according to the terms of their repayment arrangement. It can also be used to increase loan payments so that borrowers can pay off the loan sooner.

During the 2006-2007 loan year, 54,629 borrowers revised the terms of their loan, an increase of 2% from the 2005-2006 loan year.

### 6.3.2 Interest Relief

Interest relief provides short-term help to borrowers facing temporary financial difficulties in repaying their Canada Student Loan. Under this measure, borrowers can skip interest or principal payments on their Canada Student Loan for up to six months at a time. Interest does not accumulate on the loan

during this time as the Government of Canada pays the interest on behalf of the borrower. There is a maximum of 30 months of interest relief during a loan repayment period. In addition, borrowers who use up the 30 months of interest relief may be eligible for up to 24 additional months of interest relief within the first five years of leaving studies.

In 2006-2007, 105,180 borrowers benefited from interest relief. This is an increase of 2,842 over the 2005-2006 loan year (**Appendix J**).

### Interest relief by Monthly – Family Income

A majority of borrowers (52%) who receive interest relief have monthly family income of less than \$500. Some borrowers with relatively higher monthly family income also qualify for the measure because of their high need; they either have more people in the same family, or they have a higher outstanding principal on their loan (**Table 7**).

**Table 7: Interest Relief (IR) by Monthly Family Income**

Loan Year: August 1-July 31

Monthly Family Income (\$)	2004-2005		2005-2006		2006-2007	
	IR Recipient Count	Proportion of Total IR Recipients (%)	IR Recipient Count	Proportion of Total IR Recipients (%)	IR Recipient Count	Proportion of Total IR Recipients (%)
Less than 500	30,952	29	35,830	35	54,215	52
500 - 999	24,591	23	24,585	24	27,335	26
1,000 - 1,499	21,229	20	17,640	17	12,781	12
1,500 - 1,999	14,027	13	10,954	11	5,291	5
2,000 - 2,499	4,524	4	3,356	3	2,527	2
2,500 - 2,999	6,901	6	5,357	5	1,420	1
3,000 and over	5,964	6	4,616	5	1,611	2
<b>Total</b>	<b>108,188</b>	<b>100</b>	<b>102,338</b>	<b>100</b>	<b>105,180</b>	<b>100</b>

### Interest Relief Recipients by Type of Institution

In the 2006-2007 loan year, 47% of all interest relief recipients had attended university (49,079) while 38% and 15% of all recipients attended college and private institutions respectively. While the number of recipients who attended university and college increased by 3,114 and 1,820 respectively, the number of recipients from private institutions decreased by 2,081 (Appendix J).

### Interest relief Recipients by Gender

In 2006-2007, 66% of interest relief recipients were women, while men accounted for 34% (Appendix J). These percentages closely mirror overall CSLP borrowers: 60% were women during this loan year.

### Interest Relief Recipients by Province/Territory

The number of borrowers from Ontario, Yukon, Prince Edward Island and New Brunswick who received interest relief in 2006-2007 increased from 2005-2006. The number decreased for the other provinces and territories (Appendix J). The proportion of interest relief recipients from different provinces and territories closely resembles the distribution of borrowers: Ontario had the highest number of interest relief recipients and Yukon had the lowest.

### 6.3.3 Debt Reduction in Repayment

The debt reduction in repayment measure was introduced in 1998, and expanded in 2005, to help borrowers who have exhausted interest relief and continue to have exceptional financial difficulty in repaying their Canada Student Loans. The measure reduces the principal of a borrower's Canada Student Loan (up to 50% of the principal for a maximum of \$26,000) and reduces monthly loan payments to an affordable level that is based on income. Debt reduction in repayment is available to eligible borrowers in an initial reduction of up to \$10,000, a second reduction of up to \$10,000 and

a final reduction of up to \$6,000. A minimum of 12 months must elapse between reductions before the borrower applies for the second and third reductions on the loan principal.

In the 2006-2007 loan year, 4,101 Canada Student Loan borrowers benefited from debt reduction in repayment (277 fewer than in 2005-2006), for a total cost to the government of \$21 million. The amount of debt reduction varies considerably from year to year, depending on the number of borrowers who are eligible for it (Table 8).

**Table 8: Debt Reduction in Repayment**

Loan Year: August 1-July 31

Loan Year	DRR Recipients	Value (\$millions)
2004-2005	5 029	36
2005-2006	4 378	33
2006-2007	4 101	21

## 6.4 LOAN FORGIVENESS

### Permanent Disability Benefit

For individuals who have a permanent disability and are experiencing financial difficulty in meeting their repayment obligations, the Permanent Disability Benefit allows repayment obligations to be cancelled, with the exception of risk-shared loans negotiated between August 1, 1995, and July 31, 2000.

For risk-shared loans to full-time students, the permanent disability must have occurred before the first day of the seventh month from the end of the last confirmed period of study. For risk-shared loans to part-time students, the permanent disability must have occurred before the day on which the student entered into a loan agreement with the lender (financial institution or service provider). To be eligible, an individual must submit medical and financial documentation to support the requirements of a permanent disability under the program's

legislation. The borrower must also show that he or she is unable, taking family income into account, to repay the student loan without exceptional hardship.

In the 2006-2007 loan year, 396 borrowers had loans forgiven under the Permanent Disability Benefit, for a total cost to the Government of about \$4.5 million. This is a 25% decrease in the number of borrowers from the 2004-2005 loan year (Table 9).

**Table 9:** Loans Forgiven Under the Permanent Disability Benefit

Loan Year: August 1-July 31

Loan Year	Number of Borrowers	Total Value of Loans Forgiven (\$thousands)	Average Value of Loan Forgiven (\$)
2004-2005	526	6,313	12,001
2005-2006	482	5,182	10,752
2006-2007	396	4,486	11,329



PART III  
PROGRAM  
RESULTS

## CHAPTER 7. MEASURING PROGRAM RESULTS

### 7.1 PROGRAM ACTIVITIES AND LOGIC MODEL

The Canada Student Loan Program's vision is that Canadians have an opportunity to develop the knowledge and skills to participate in the economy and society. The Logic Model maps out how to attain that vision by presenting the activities, outputs and outcomes of the program (Figure 1).

The program's major activities include:

- Administering loans to help eligible students in financial need
- Providing grants to eligible students in financial need
- Building relationships with borrowers and prospective borrowers
- Managing the loan repayment process
- Sustaining relationships with provinces and territories, services providers, other government organizations and stakeholders
- Gathering information related to the CSLP and student financial assistance

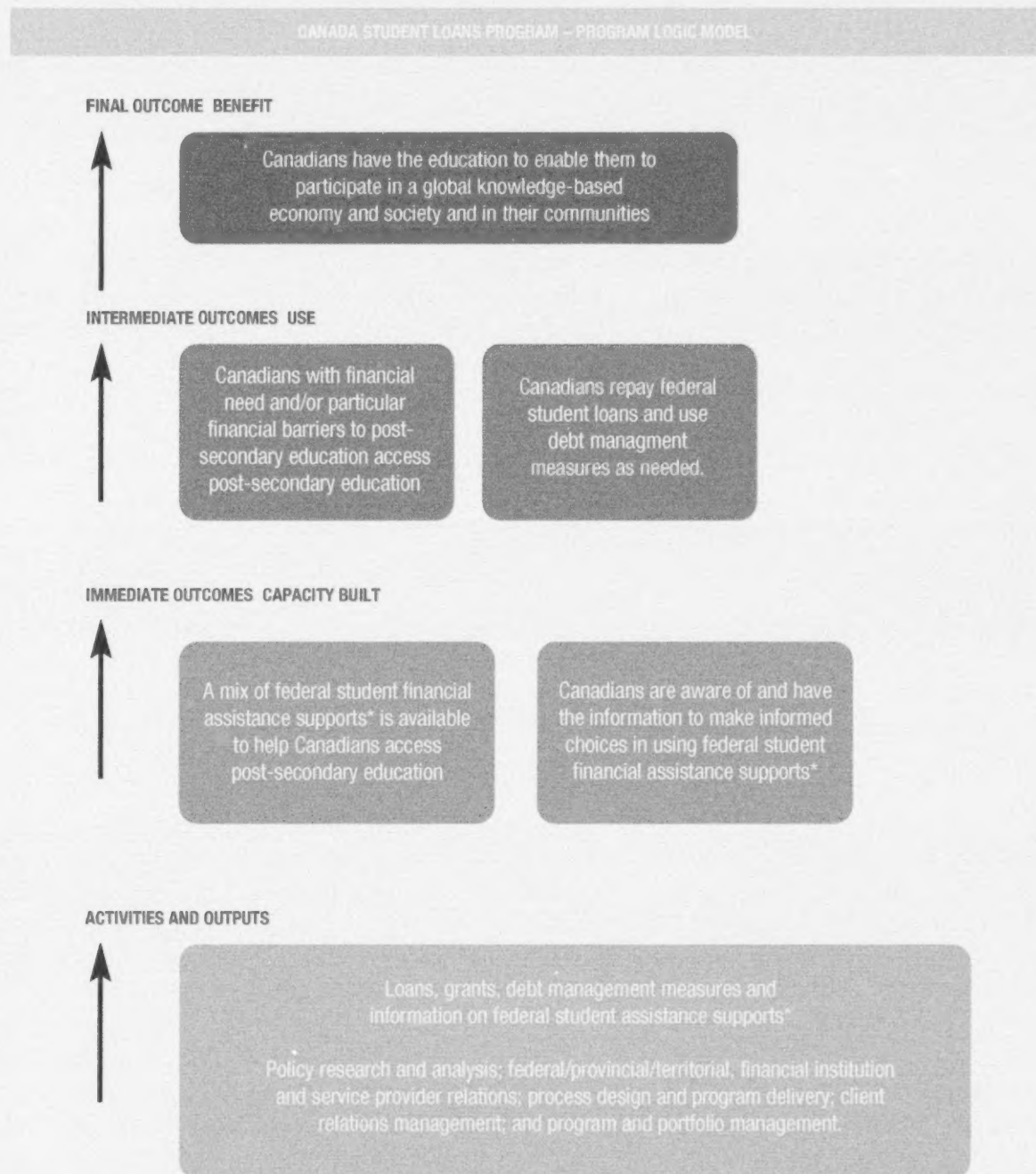
These activities are meant to achieve the following outcomes:

- A mix of federal student financial assistance measures is available to help Canadians access post-secondary education
- Canadians can make informed choices about using federal student financial assistance
- Canadians with financial need face fewer barriers to post-secondary education
- Canadians repay federal student loans and use debt management measures as needed

These outcomes will lead to Canadians having the education that will enable them to participate in a global knowledge-based economy, and to benefit society and their communities.

**Figure 1- Canada Student Loans Program Logic Model**

Loan Year: August 1-July 31



\* Supports refers broadly to all program products and services including loans, grants and debt management measures.

## 7.2 REPORTING ON STRATEGIC OBJECTIVES

In addition to the program achievements and results mentioned throughout this report, the CSLP follows **four strategic objectives** to track medium- and longer-term outcomes as shown in the logic model. This helps in monitoring and evaluating the program, as well as in reporting results to Parliament and Canadians.<sup>29</sup>

### CSLP's Four Strategic Objectives:

1. Maintain the Government's commitment to accessibility
2. Increase awareness
3. Make the loan experience a positive one
4. Ensure performance, integrity, and accountability

### Strategic Objective 1. Commitment to Accessibility

#### Impact of a Government Student Loan<sup>30</sup>

The CSLP promotes access to post-secondary education by providing financial assistance to students with demonstrated need. The assessment process used to determine demonstrated need is administered by participating provinces and territories using a specific formula. It is therefore difficult to obtain an accurate estimate of the size of the intended target population for the program. Through surveys, however, the CSLP can determine how having or not having Canada student loans and grants affects borrowers and Canadian youth.

The CSLP's survey of youth from the ages of 17 to 30<sup>31</sup> explores reasons for not pursuing post-secondary education with youth who have not enrolled, and explores financing strategies including the CSLP for those who have enrolled. The survey reported that 78% of all current government student loan holders would have experienced a major negative impact had they not received a government student loan for their current school year. Among these:

- 61% would not have enrolled this reporting year without a student loan (42% would have delayed their studies and 19% would have dropped out completely).
- 39% would have enrolled whether they received a loan or not; however, 43% of these borrowers would have changed their plans by reducing their course load, changing their educational institution, or getting a job.

In addition, 14% of students who applied for a loan but did not qualify had to either (1) reduce their course load; (2) study part-time instead of full-time; or (3) change their educational institution or program of study.

### Importance of Government Student Loans as a Source of Funding

Government student loans represented the most important source of post-secondary education funding for loan holders. Eighty-four percent of students relied extensively on government student loans (an 11% increase since 2005-2006) and 60% stated the loans were their main source of funding.

Of the youth not enrolled in post-secondary education, 32% said cost was the reason; either they lacked money, had to work to save money, or were concerned about debt load or ability to repay. This is a 4% decrease from last year. Nine percent of those not enrolled said lack of a government student loan

29 In addition to the Annual Report, the CSLP reports to Parliament and Canadians through the Departmental Performance Report from Human Resources and Social Development Canada. The 2006-2007 report can be found at <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/csd/csd00-eng.asp>.

30 Government student loans include both participating provincial and territorial loans and federal loans.

31 Createc+: Special Investment Fund – 2007 SIF Omnibus Survey, August 2007.



was their main financial barrier. This was the same percentage as last year. However, 28% said their main financial barrier was fear of not being able to repay debt.

## **Strategic Objective 2. Increased Awareness**

### **Awareness of the Canada Student Loans Program**

If the CSLP is to help more Canadians attend post-secondary education, it must first tell Canadians about how it can help them pay for their education.

The survey of youth mentioned under Strategic Objective 1 also asked respondents about their awareness of the CSLP. The results indicated that 47% were aware of the CSLP in integrated provinces while only 39% were aware in non-integrated provinces.

### **CanLearn**

The CanLearn Web site ([www.canlearn.ca](http://www.canlearn.ca)) is a one-stop resource to help Canadians explore education opportunities, develop learning strategies, and create financial plans to achieve their goals. Through the site, the CSLP provides current and future borrowers with tools and information to help them apply for, maintain and repay their student loans. CanLearn is an integral way for the CSLP to increase awareness of the program, and of the benefits of post-secondary education in general, and it supports service excellence. Findings indicate that:

- 47% of all borrowers had searched for information on student financial assistance within the past 12 months.
- Of those borrowers who searched for information, 84% used a Web-based source, including 34% who used the CanLearn/National Student Loan Service Centre Web sites and 35% who used a provincial Web site.

## **Awareness of Repayment Options**

According to the 2007 CSLP Client Satisfaction survey,<sup>32</sup> 72% of borrowers in repayment found the options clear to them at the time they entered into the repayment period. However, there was a large difference in understanding certain details of their loans. For example, most students (79%) knew the total amount of their loan, but only 61% knew the current interest rate.

## **Strategic Objective 3. A Positive Loan Experience**

To ensure continued service excellence, the CSLP conducts a yearly survey of borrowers to assess their experience and satisfaction with the services they received during the year.

In 2006-2007, 75% of borrowers said they were satisfied with the CSLP overall. Only 4% of borrowers expressed dissatisfaction. Sixteen percent of borrowers believed service had improved and 6% believed it had worsened over the previous year.

With respect to the National Student Loan Service Centre, 82% of borrowers in study and 74% of those in repayment were satisfied overall. Borrowers attending public educational institutions gave a higher average rating compared with borrowers attending private educational institutions.

A strong predictor of satisfaction is whether borrowers received their payment in time to pay tuition fees without penalty. Of the respondents who had recently applied for and received their loan in time, 76% expressed satisfaction. As for the borrowers who had not received the loan in time, only 49% were satisfied.

32 Createc+:2007 CSLP Client Satisfaction Survey, August 2007.

Other findings related to the National Student Loan Service Centre include:

- 76% of borrowers were satisfied with the assistance they received from the service centre on responding to their enquiry on the initial contact.
- 76% of borrowers were satisfied that their questions were answered completely.

### **Strategic Objective 4. Canada Student Loans Program Integrity**

Since Canada Student Loans are funded by Canadian taxpayers, the CSLP wants to ensure that it safeguards the integrity of the program and protects borrowers. Activities, projects and policies have therefore been developed and implemented with partner provinces and Yukon to address government-funded student financial assistance programs.

Integrity achievements and activities for the 2006-2007 loan year included:

- The CSLP completed some 55 investigations into allegations of abuse involving approximately \$0.64 million.
- The CSLP continued to work with the Royal Canadian Mounted Police to ensure that any suspicions of fraudulent activity were pursued.
- Following through on implementation of the Designation Policy Framework which was launched in 2004, the CSLP shared its first assessment of educational institution repayment rates with the provinces and Yukon. Designation is the process that enables post-secondary educational institutions to offer government financial assistance programs for students, meaning that students at those institutions can apply for financial aid. The assessment sought to identify both early achievements and potential problems in educational institution performance.

- Joint compliance reviews were completed with several provinces to assess, among other things, how prepared institutions are to comply with the requirements of the Designation Policy Framework.
- An annual audit and integrity workshop was held in Ottawa to bring together federal/provincial/territorial representatives and non-government participants to identify and develop communication tools, best practices, and strategies to implement effective audit and integrity programs across the country.
- An annual default management workshop was held in Vancouver to bring together federal/provincial/territorial representatives and non-government participants to look at ways of enhancing performance, to build measures to diminish financial risk, and to develop best practices for reducing defaults and ensuring that students have a positive loan experience.

### **Student Loan Portfolio Performance**

A decrease in the number of students in default is a sign of the CSLP's improvement in performance, integrity, and accountability. A direct loan borrower is considered to have defaulted on a student loan when the loan is in arrears for more than 270 days (roughly equivalent to missing nine monthly payments). Although default on a loan may occur anytime during the repayment period (normally 10 years), the majority of defaults occur within three years of entering repayment. The CSLP uses the three-year cohort default rate<sup>33</sup> as a main indicator of the student loan portfolio's performance.

- Table 10 shows that the default rate declined from 19% for the 2004-2005 repayment cohort to 15% for the 2005-2006 cohort. An increase of 2% from 2005-2006 is forecasted for the cohort of borrowers that entered into repayment in 2006-2007. The forecasted increase is explained by the fact that in 2007-2008, the principal focus of CSLP activities will be a smooth transition to a new service provider contract.

**Table 10: Three-Year Cohort Default Rates for Direct Loans (%)****Loan Year: August 1-July 31**

Prov. / Territory	2003-2004	2004-2005	2005-2006 <b>P</b>	2006-2007 <b>F</b>
<b>CANADA</b>	<b>28%</b>	<b>19%</b>	<b>15%</b>	<b>17%</b>
NL	26%	20%	16%	19%
PE	23%	18%	15%	24%
NS	32%	25%	19%	21%
NB	31%	27%	20%	20%
ON	34%	17%	14%	14%
MB	28%	21%	16%	12%
SK	30%	21%	17%	16%
AB	31%	17%	12%	14%
BC	25%	23%	17%	18%
YT	*	*	*	*
Institution Type	2003-2004	2004-2005	2005-2006 <b>P</b>	2006-2007 <b>F</b>
University	21%	13%	9%	8%
College	32%	21%	16%	13%
Private Institution	41%	36%	34%	31%

\* Data are small enough to be considered insignificant.

**P:** Preliminary      **F:** Forecast

- Notes:
1. A loan is deemed in default when it is in arrears for more than 270 days under the direct lending regime.
  2. Of all the loans entering into repayment in a particular year, the proportion that goes into default during that year and two subsequent years is the three-year cohort default rate.





PART IV  
**FINANCIAL  
DETAILS**

## CHAPTER 8. FINANCIAL DATA

All data in this section represent the fiscal year April 1, 2006, to March 31, 2007.

### 8.1 CONSOLIDATED REPORT ON THE CANADA STUDENT LOANS PROGRAM<sup>34</sup>

In August 2000, the Canada Student Loans Program (CSLP) was shifted from the risk-shared financing arrangements that had been in place with financial institutions between 1995 and July 2000 to a direct student loan financing plan. The Government of Canada provides the necessary funding to students, and two service providers have contracts to administer the loans.

#### Reporting Entity

The entity detailed in this report is the CSLP only and does not include departmental operations related to the delivery of the CSLP. Expenditures figures are primarily statutory in nature, made under the authority of the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*.

#### Basis of Accounting

The financial figures are prepared in accordance with generally accepted accounting principles and as reflected in the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants.

#### Specific Accounting Policies

##### Revenues

Two sources of revenue are reported: interest revenue on direct loans and recoveries on guaranteed and put-back loans. Government accounting practices require that recoveries from both sources be credited to the Government's

Consolidated Revenue Fund. They do not appear along with the expenditures in the CSLP accounts, but are reported separately in the financial statements of Human Resources and Social Development Canada and the Government.

#### A. Interest Revenue on Direct Loans –

Borrowers are required to pay simple interest on their student loans once they leave full-time studies. At the time they leave school, students have the option of selecting a variable (prime + 2.5%) or fixed (prime + 5%) interest rate. The figures represent the interest accrued on the outstanding balance of the government-owned direct loans. Borrowers continue to pay the interest accruing on the guaranteed and risk-shared loans directly to the private lender holding these loans. Effective August 1, 2005, the weekly loan limit increased from \$165 per week to \$210 per week of study. As more funds will be available to students, total loan disbursements will grow and, as a result, the interest revenue generated will likely increase.

#### B. Recoveries on Guaranteed Loans – The

Government reimburses private lenders for any loans issued prior to August 1, 1995 that go into default (i.e., lenders claim any amount of principal and interest not repaid in full). The figures represent the recovery of principal and interest on these defaulted loans.

<sup>34</sup> Human Resources and Skills Development Canada Departmental Performance Report 2006-2007. This document can be found at <http://www.tbs-sct.gc.ca/dpr-rmr/2006-2007/inst/csd/csd00-eng.asp>.

- C. Recoveries on Put-back Loans** – Under the risk-shared agreements, the Government will purchase from the participating financial institutions any loans issued between August 1, 1995, to July 31, 2000, that are in default of payment for at least 12 months after the period of study that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayments. The amount paid is set at 5% of the value of the loans in question. The figures represent the recovery of principal and interest on these loans.

### *Canada Study Grants and Canada Access Grants*

Canada Study Grants and Canada Access Grants improve access to post-secondary education by providing non-repayable financial assistance to post-secondary students. Four types of Canada Study Grants are available to assist: (1) students with permanent disabilities, in order to meet disability-related educational expenses (up to \$8,000 annually) (2) students with dependants (up to \$3,120 for full-time students and up to \$1,920 for part-time students, annually) (3) high-need part-time students (up to \$1,200 annually) and (4) women in certain fields of Ph.D. studies (up to \$3,000 annually for up to three years) Two Canada Access Grants have been available since August 1, 2005, to assist: (1) students from low-income families entering their first year of post-secondary studies (50% of tuition, up to \$3,000) (2) students with permanent disabilities in order to assist with education and living expenses (up to \$2,000 annually).<sup>35</sup>

### *Collection Costs*

These amounts represent the cost of using private collection agencies to collect defaulted Canada Student Loans. The loans being collected include risk-shared and guaranteed loans that have gone into default and that the Government has bought back from the private lender and direct loans issued after July 31, 2000, that are returned to HRSDC by the third-party service provider as having defaulted. As of August 1, 2005, the Canada Revenue Agency Non-Tax Collections Directorate undertook the

responsibility for the administration of the collection activities of the guaranteed, risk-shared and direct student loans.

### *Service Provider Costs*

The CSLP uses third-party service providers to administer loan origination, in-study loan management, post-studies repayment activities and debt management. This item represents the cost associated with these contracted services.

### *Risk Premium*

Risk premium represents part of the remuneration offered to lending institutions participating in the risk-shared program from August 1, 1995, to July 31, 2000. The risk premium represents 5% of the value of loans being consolidated, which is calculated and paid at the time students leave studies and go into repayment. In return, the lenders assume the risk associated with non-repayment of these loans.

### *Put-Back*

Subject to the provisions of the contracts with lending institutions, the Government will purchase from a lender the student loans that are in default of payment for at least 12 months and that, in aggregate, do not exceed 3% of the average monthly balance of the lender's outstanding student loans in repayment. The amount paid is set at 5% of the value of the loans in question. The figures also include any refund made to participating financial institutions on the recoveries.

### *Administrative Fees to Provinces and Territories*

Pursuant to the *Canada Student Financial Assistance Act*, the Government has entered into arrangements with nine provinces and one territory to facilitate administration of the CSLP. They administer the application and needs assessment activities associated with federal student financial assistance and in return they are paid an administrative fee. As of August 1, 2005 administrative fees paid to provinces were increased to improve the compensation for their part in administering the CSLP.

<sup>35</sup> The Canada Access Grant for Students with Permanent Disabilities has replaced the Canada Study Grant for High-need Students with Permanent Disabilities.

### *In-Study Interest Borrowing Expense*

The capital needed to issue direct loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The figures represent the cost attributed to CSLP in support of Direct Loans while students are considered in-study status. Weekly loan limits increased effective August 1, 2005. As more funds will be available to students, total loan disbursements are likely to grow and, as a result, the in-study interest borrowing expense will rise.

### *In-Repayment Interest Borrowing Expense*

The capital needed to issue direct loans is raised through the Department of Finance's general financing activities. The cost of borrowing this capital is recorded in the Department of Finance's overall financing operations. The figures represent the cost attributed to CSLP in support of direct loans while students are in repayment of their Canada Student Loans.

### *In-Study Interest Subsidy*

A central feature of federal student assistance is that student borrowers are not required to pay the interest on their student loans as long as they are in full-time study and, in the case of loans negotiated prior to August 1, 1993, for six months after they complete studies. Under the guaranteed and risk-shared programs, the Government pays the interest to the lending institutions on behalf of the student.

### *Interest Relief*

Assistance may be provided to cover loan interest and suspend payments on the principal of loans in repayment for up to 54 months for borrowers experiencing temporary difficulties repaying their loans. The shift from guaranteed and risk-shared loans to direct loans did not alter interest relief for loans in distress from the borrower's perspective;

however, the method of recording associated costs changed. For loans issued prior to August 1, 2000, the CSLP compensates lending institutions for lost interest equal to the accrued interest amount on loans under interest relief. For loans issued after August 1, 2000, an interest relief expense is recorded to offset the accrued interest on direct loans. Effective August 1, 2005, income thresholds used to determine eligibility for interest relief increased in order to make interest relief accessible to more borrowers.

### *Debt Reduction in Repayment*

Debt reduction in repayment assists borrowers experiencing long-term difficulties repaying their loans. Debt reduction in repayment is a federal repayment assistance program through which the Government of Canada reduces a qualifying borrower's outstanding Canada Student Loans principal to an affordable amount after interest relief has been exhausted and only after five years have passed since the borrower ceased to be a student. As of August 1, 2005, the maximum amount of debt reduction in repayment assistance is \$26,000, which is available to eligible borrowers in an initial reduction of up to \$10,000, a second reduction of up to \$10,000 and a final reduction of up to \$6,000. For loans issued prior to August 1, 2000, the CSLP pays the lending institutions the amount of student debt principal reduced by the Government of Canada under debt reduction in repayment. For loans issued after August 1, 2000, the Government of Canada forgives a portion of the loan principal.

### *Claims Paid and Loans Forgiven*

From the beginning of the program in 1964 until July 31, 1995, the Government fully guaranteed all loans issued to students by private lenders. The Government reimburses private lenders for any of these loans that go into default (i.e., subject to specific criteria, lenders may claim any amount of principal and interest not repaid in full, after which the Canada Revenue Agency's Collection

35 The new Canada Access Grant for Student with Permanent disabilities has replaced the Canada Study Grant for High-need Students with Permanent Disabilities.



Services will attempt to recover these amounts). The risk-shared arrangements also permitted loans issued from August 1, 1995, to July 31, 2000, to be guaranteed under specific circumstances. This item represents the costs associated with loan guarantees.

Pursuant to the *Canada Student Loans Act* and the *Canada Student Financial Assistance Act*, the Government incurs the full amount of the unpaid principal plus accrued interest in the event of the death of the borrower or if the borrower becomes permanently disabled and cannot repay the loan without undue hardship.

#### *Bad Debt Expense*

Under direct loans, the Government owns the loans issued to students and must record them as assets. As a result, Generally Accepted Accounting Principles require a provision be made for potential future losses associated with these loans. The provision must be made in the year the loans are issued even though the losses may occur many years later. The figures represent the annual expense against the provisions for bad debt and debt reduction in repayment on direct loans.

#### *Alternative Payments to Non-participating Provinces and Territories*

Provinces and territories may choose not to participate in the CSLP. These provinces and territories receive an alternative payment to assist in the cost of delivering a similar student financial assistance program.

**Table 11: Consolidated Canada Student Loans Programs – Combined Programs**

(Millions of Dollars)	Actual		2006-2007	
	2004-2005	2005-2006	Forecast	Actual
<b>Revenues</b>				
Interest Revenue on Direct Loans	226,6	315,7	419,8	453,3
Recoveries on Guaranteed Loans	76,2	66,8	66,6	55,3
Recoveries on Put-Back Loans	11,0	13,1	17,1	14,5
<b>Total Revenues</b>	<b>313,8</b>	<b>395,6</b>	<b>503,5</b>	<b>523,1</b>
<b>Expenses</b>				
<i>Transfer Payments</i>				
Canada Study Grants & Canada Access Grants	64,5	129,7	119,9	146,4
<i>Loan Administration</i>				
Collection Costs <sup>a</sup>	14,8	13,6	18,5	12,4
Service Bureau Costs	46,0	50,2	66,3	65,6
Risk Premium	5,5	2,7	4,8	1,8
Put-Back	4,2	4,3	4,4	4,7
Administrative Fees to Provinces and Territories	9,4	13,9	14,6	14,7
<b>Total Loan Administration Expenses</b>	<b>79,9</b>	<b>84,7</b>	<b>108,6</b>	<b>99,2</b>
<i>Cost of Government Support</i>				
<i>Benefits Provided to Students</i>				
In-Study Interest Borrowing Expense (Class A) <sup>b</sup>	163,8	159,3	166,5	185,7
In Repayment Interest Borrowing Expense (Class B) <sup>b</sup>	96,6	111,4	161,4	145,0
In-Study Interest Subsidy	16,1	12,1	6,6	11,5
Interest Relief	63,2	67,2	70,7	84,2
Debt Reduction in Repayment	27,1	31,4	15,2	20,1
Claims Paid & Loans Forgiven	27,7	24,8	16,5	24,2
<i>Bad Debt Expense</i>				
Debt Reduction in Repayment Expense	11,5	13,3	13,3	9,6
Bad Debt Expense	456,2	297,2	322,5	260,4
<b>Total Cost of Government Support Expenses</b>	<b>862,2</b>	<b>716,7</b>	<b>772,7</b>	<b>740,7</b>
<b>Total Expenses</b>	<b>1 006,6</b>	<b>931,1</b>	<b>1 001,2</b>	<b>986,3</b>
<b>Net Operating Results</b>	<b>692,8</b>	<b>535,5</b>	<b>497,7</b>	<b>463,2</b>
Alternative Payments to Non-Participating Provinces <sup>c</sup>	175,8	158,2	151,0	91,3
<b>Final Operating Results</b>	<b>868,6</b>	<b>693,7</b>	<b>648,7</b>	<b>554,5</b>

a. These costs are related to collection activities performed by the Private Collection Agencies. Effective July 31, 2006, the defaulted loans were transferred to CRA. Therefore, the collection costs for fiscal year 2006-2007 are reported in part by the Human Resources and Social Development Canada and in part by the Canada Revenue Agency. From April 1, 2006 to July 31, 2006, HRSDC reported \$3.6M in collection costs. From August 1, 2006 to March 31, 2007, CRA reported \$8.8M in collection costs.

b. These costs are related to Canada Student Direct Loans but reported by the Department of Finance.

c. This represents the annual expense against the Provisions for Bad Debt and Debt Reduction in Repayment as required under Accrual Accounting. The Bad Debt Expense figure for 2004-2005 include an adjustment of \$257.1M following the revised Bad Debt Provision Rate published by the Office of the Chief Actuary in the Actuarial Report on the CSLP as at July 31, 2004. This adjustment is retroactive back to the beginning of the Direct Loans Regime (2000). In addition, the Bad Debt Expense figure for 2006-2007 includes an adjustment of \$(52.9) M while the Debt Reduction in Repayment Expense figure includes an adjustment of \$(3.8)M. These adjustments are also retroactive back to the beginning of the Direct Loans Regime (2000). It is the result of a new methodology. In fact, as published by the Office of the Chief Actuary in the Actuarial Report on the CSLP as at July 31, 2006, the methodology was changed to a prospective approach that uses a snapshot of the portfolio at a particular point in time to determine the amount of the allowance at that time.

d. Starting in 2003-2004, the figures represent the annual expense recorded under the Accrual Accounting as opposed to the actual amount disbursed to the Non-Participating Provinces. For 2006-2007, the total amount disbursed as Alternative Payments is \$ 117.6 M.

## APPENDICES

### APPENDIX A CANADA STUDENT LOAN PORTFOLIO

Canada Student Loans Program Portfolio, March 31, 2004, to March 31, 2007 (\$ millions)

As of March 31,	Guaranteed		Risk-Shared		Direct Loans		Total (Guaranteed, Risk-Shared & Direct)		
	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study	Loans In-Repayment	Loans In-Study & In-Repayment
2004	58	386	585	4,162	3,339	2,079	3,982	6,628	10,610
2005	39	287	393	3,657	3,645	2,603	4,077	6,547	10,623
2006	26	214	263	3,166	4,149	3,256	4,439	6,636	11,074
2007	18	153	184	2,720	4,463	4,034	4,664	6,907	11,571

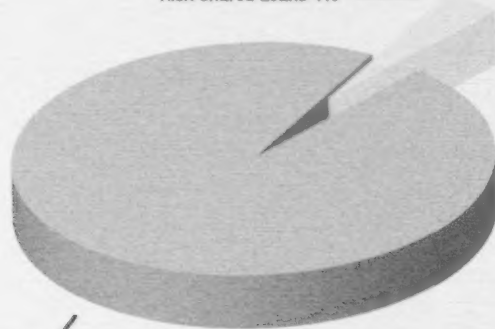
Source: Comptroller's Office, Financial and Administrative Services  
Fiscal Year: April 1–March 31

In-Study Loans as of March 31, 2007

Guaranteed Loans 0%

Risk Shared Loans 4%

Direct Loans 96%

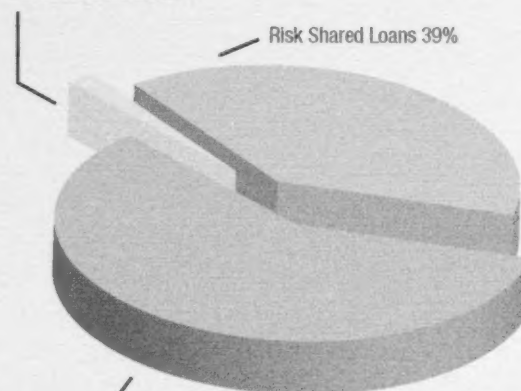


In-Repayment Loans as of March 31, 2007

Guaranteed Loans 2%

Risk Shared Loans 39%

Direct Loans 59%



## APPENDIX B

### LOANS TO PART-TIME STUDENTS BY PROVINCE/TERRITORY AND BY TYPE OF INSTITUTION

#### Part-Time Student Borrowers by Province/Territory

Province/ Territory	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$000)	Average (\$)	No. of Borrowers	Value of Loans (\$000)	Average (\$)	No. of Borrowers	Value of Loans (\$000)	Average (\$)
NL	30	37	1,250	19	26	1,368	14	18.6	1,325
PE	49	144	2,929	52	118	2,189	61	0.2	2,520
NS	213	429	2,015	194	399	2,042	136	0.3	2,078
NB	110	171	1,556	102	146	1,427	114	0.2	1,732
ON	679	1,316	1,938	628	1,215	1,917	643	1.2	1,881
MB	167	337	2,015	166	317	1,882	127	0.3	2,091
SK	149	348	2,333	86	175	2,031	87	0.2	2,373
AB	932	1,248	1,341	651	951	1,446	415	0.5	1,274
BC	242	592	2,446	229	502	2,195	266	0.6	2,403
YT	*	2	2,465	*	0	0	*	*	*
<b>Total</b>	<b>2,572</b>	<b>4,624</b>	<b>1,798</b>	<b>2,127</b>	<b>3,849</b>	<b>1,795</b>	<b>1,863</b>	<b>3.5</b>	<b>1,880</b>

Loan Year: August 1–July 31

\* Number of borrowers lower than 10 have been suppressed.

#### Loans to Part-Time Students by Type of Institution

Province/ Territory	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)
University	1,287	2.3	1,777	1,041	1.8	1,736	932	1.7	1,856
College	1,016	1.5	1,300	861	1.3	1,533	699	1.1	1,561
Private	269	0.8	3,020	225	0.7	3,064	232	0.7	2,935
<b>Total**</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>	<b>1,863</b>	<b>3.5</b>	<b>1,880</b>

Loan Year: August 1–July 31

\*\* Overall number of borrowers for institutions are slightly greater than total numbers as borrowers may have taken loans from more than one type of institution.



## APPENDIX C

### BORROWER MOBILITY FROM PROVINCE TO PROVINCE

#### Borrower Mobility by Province

Province/Territory	2004-2005					2005-2006					2006-2007				
	Remaining in Home Province		Moving Outside Home Province		Total	Remaining in Home Province		Moving Outside Home Province		Total	Remaining in Home Province		Moving Outside Home Province		Total
	#	% Total	#	% Total		#	% Total	#	% Total		#	% Total	#	% Total	
NL	8,793	84.6	1,602	15.4	10,395	8,206	85.1	1,434	14.9	9,640	7,544	84.9	1,343	15.1	8,887
PE	1,971	60.1	1,309	39.9	3,280	1,967	60.7	1,272	39.3	3,239	1,903	59.4	1,303	40.6	3,206
NS	12,775	79.6	3,269	20.4	16,044	12,543	78.9	3,352	21.1	15,895	12,156	78.5	3,321	21.5	15,477
NB	11,717	75.9	3,717	24.1	15,434	12,184	76.5	3,734	23.5	15,918	12,011	76.6	3,665	23.4	15,676
ON	157,130	93.9	10,224	6.1	167,354	170,900	93.9	11,116	6.1	182,016	181,080	93.9	11,795	6.1	192,875
MB	7,798	84.9	1,382	15.1	9,180	7,929	85.2	1,376	14.8	9,305	7,139	84.0	1,357	16.0	8,496
SK	11,138	78.8	2,994	21.2	14,132	10,274	77.6	2,971	22.4	13,245	9,485	76.8	2,861	23.2	12,346
AB	35,383	85.4	6,039	14.6	41,422	31,891	84.3	5,953	15.7	37,844	27,951	82.7	5,828	17.3	33,779
BC	52,381	87.6	7,383	12.4	59,764	49,244	87.5	7,062	12.5	56,306	45,567	87.1	6,731	12.9	52,298
YT	34	13.5	217	86.5	251	38	16.5	192	83.5	230	32	14.5	189	85.5	221
<b>Total</b>	<b>299,120</b>	<b>88.7</b>	<b>38,136</b>	<b>11.3</b>	<b>337,256</b>	<b>305,176</b>	<b>88.8</b>	<b>38,462</b>	<b>11.2</b>	<b>343,638</b>	<b>304,868</b>	<b>88.8</b>	<b>38,393</b>	<b>11.2</b>	<b>343,261</b>

Loan Year: August 1–July 31

#### 2006-2007 Mobility of Canada Student Loan Borrowers – Province to Province

Province/Territory	Province of Study													USA	Rest of the World	Total
	NL	PE	NS	NB	ON	MB	SK	AB	BC	YT	QC	NWT	Canada			
NL	7,544	56	480	191	320	13	11	91	55	*	44	*	8,806	44	37	8,887
PE	53	1,903	495	401	174	*	*	37	28	*	34	*	3,136	52	18	3,206
NS	358	257	12,156	1,086	716	11	19	168	113	*	170	*	15,058	323	96	15,477
NB	119	232	1,564	12,011	671	17	40	106	85	*	536	*	15,381	247	48	15,676
ON	154	47	1,560	415	181,080	411	150	1,018	1,353	*	1,884	*	188,075	3,069	1,731	192,875
MB	11	*	90	14	358	7,139	153	229	186	*	55	*	8,241	205	50	8,496
SK	*	*	218	14	285	221	9,485	1,473	326	*	51	*	12,084	218	44	12,346
AB	41	13	484	106	1,335	206	620	27,951	1,609	*	291	*	32,659	742	378	33,779
BC	34	*	301	94	2,084	228	295	1,982	45,567	*	476	*	51,070	695	533	52,298
YT	*	*	10	*	23	*	*	50	85	32	*	*	218	*	*	221
<b>Total</b>	<b>8,321</b>	<b>2,525</b>	<b>17,358</b>	<b>14,333</b>	<b>187,046</b>	<b>8,258</b>	<b>10,785</b>	<b>33,105</b>	<b>49,407</b>	<b>43</b>	<b>3,545</b>	<b>2</b>	<b>334,728</b>	<b>5,597</b>	<b>2,936</b>	<b>343,261</b>

Loan Year: August 1–July 31

\* Number of borrowers lower than 10 have been suppressed. [change 2 to \* in Total line]

## APPENDIX D

### LOANS TO FULL-TIME STUDENTS BY TYPE OF INSTITUTION

#### Loans to Full-Time Students by Type of Institution

Institution Type	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
University	189,780	923	\$4,863	197,566	1,117	5,653	201,190	1,135	5,640
College	110,559	493	\$4,459	109,397	561	5,132	106,687	544	5,096
Private	37,259	213	\$5,715	37,020	257	6,934	35,384	249	7,031
<b>Total**</b>	<b>337,256</b>	<b>1,629</b>	<b>\$4,829</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>	<b>343,261</b>	<b>1,927</b>	<b>5,614</b>

Loan Year: August 1–July 31

\*\* Overall number of borrowers for institutions are slightly greater than total numbers as borrowers may have taken loans from more than one type of institution.

## APPENDIX E BORROWERS BY STUDY LEVEL

### Full-Time Student Borrowers by Study Level

Study Level	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
Doctorate	2,622	17	6,439	2,699	21	7,760	2,824	21	7,550
Master's	11,902	71	5,948	11,953	86	7,209	12,092	86	7,078
Undergraduate	189,949	908	4,781	197,417	1,096	5,550	200,392	1,110	5,539
Non-Degree	132,783	633	4,767	131,569	732	5,565	127,953	710	5,550
<b>Total</b>	<b>337,256</b>	<b>1,629</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>	<b>343,261</b>	<b>1,927</b>	<b>5,614</b>

Loan Year: August 1–July 31

### Part-Time Student Borrowers by Study Level

Study Level	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
Doctorate	*	0.0	1,743	*	0.0	1,793	*	0.0	2,012
Master's	75	0.2	2,375	57	0.1	2,296	47	0.1	2,367
Undergraduate	1,114	1.9	1,667	919	1.6	1,693	846	1.5	1,784
Non-Degree	1,379	2.6	1,874	1,149	2.1	1,851	968	1.9	1,939
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>	<b>1,863</b>	<b>3.5</b>	<b>1,880</b>

Loan Year: August 1–July 31

\* Number of borrowers lower than 10 have been suppressed.

## APPENDIX F BORROWERS BY AGE

### Full-Time Student Borrowers by Age

Age	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
Under 21	158,171	692	4,372	164,524	809	4,915	173,016	852	4,925
22-25 Yrs	100,423	508	5,056	102,284	616	6,027	99,154	604	6,089
26-29 Yrs	35,193	190	5,397	35,250	230	6,525	32,911	215	6,525
30 & Over	43,469	240	5,511	41,580	280	6,730	38,180	257	6,719
<b>Total</b>	<b>337,256</b>	<b>1,629</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>	<b>343,261</b>	<b>1,927</b>	<b>5,614</b>

Loan Year: August 1–July 31

### Part-Time Student Borrowers by Age

Age	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
Under 21	711	1.3	1,760	334	0.6	1,683	272	0.5	1,843
22-25 Yrs	642	1.1	1,779	652	1.2	1,793	594	1.1	1,800
26-29 Yrs	368	0.7	1,901	351	0.6	1,714	317	0.6	1,945
30 & Over	851	1.5	1,800	790	1.5	1,878	680	1.3	1,934
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>	<b>1,863</b>	<b>3.5</b>	<b>1,880</b>

Loan Year: August 1–July 31



## APPENDIX G BORROWERS BY GENDER

### Full-Time Student Borrowers by Gender

Gender	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)
Female	202,364	988	4,882	206,412	1181	5,720	206,412	1181	5,720
Male	134,892	641	4,751	137,226	754	5,497	137,226	754	5,497
<b>Total</b>	<b>337,256</b>	<b>1,629</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>

Loan Year: August 1–July 31

### Part-Time Student Borrowers by Gender

Gender	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)	No. of Borrowers	Value of Loans (\$millions)	Average (\$)
Female	1,732	3.1	1,808	1,462	2.6	1,805	1,254	2.4	1,887
Male	840	1.5	1,780	663	1.2	1,771	609	1.1	1,866
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>	<b>1,863</b>	<b>3.5</b>	<b>3,752</b>

Loan Year: August 1–July 31

## APPENDIX H BORROWERS BY MARITAL STATUS

### Full-Time Student Borrowers by Marital Status

Marital Status	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
Single	285,065	1,342	4,709	295,916	1,612	5,449	299,083	1,628	5,442
Married	31,263	169	5,405	28,516	188	6,590	26,847	177	6,580
Other	20,928	118	5,615	19,206	135	7,013	17,331	123	7,090
<b>Total</b>	<b>337,256</b>	<b>1,629</b>	<b>4,829</b>	<b>343,638</b>	<b>1,935</b>	<b>5,631</b>	<b>343,261</b>	<b>1,927</b>	<b>5,614</b>

Loan Year: August 1–July 31

### Part-Time Student Borrowers by Marital Status

Marital Status	2004-2005			2005-2006			2006-2007		
	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)	No. of Borrowers	Value of Loans (\$million)	Average (\$)
Single	1,810	3.2	1,783	1,489	2.6	1,769	1,368	2.5	1,845
Married	462	0.9	1,905	358	0.7	1,921	268	0.6	2,067
Other	300	0.5	1,727	280	0.5	1,768	227	0.4	1,872
<b>Total</b>	<b>2,572</b>	<b>4.6</b>	<b>1,798</b>	<b>2,127</b>	<b>3.8</b>	<b>1,795</b>	<b>1,863</b>	<b>3.5</b>	<b>1,880</b>

Loan Year: August 1–July 31

## APPENDIX I

### CANADA STUDENT LOAN INDEBTEDNESS

#### Distribution of Canada Student Loan Indebtedness

Debt Level (\$)	2004-2005	2005-2006	2006-2007
Less than 5 000	24%	22%	20%
5 000 - 9 999	34%	34%	33%
10 000 -19 999	28%	28%	30%
20 000 -29 999	11%	12%	13%
30 000 and over	3%	4%	5%
<b>Average Debt (\$)</b>	<b>11,051</b>	<b>11,323</b>	<b>12,232</b>

#### Average Indebtedness by Type of Institution (\$)

Institution Type	2004-2005	2005-2006	2006-2007
University	14,342	14,708	15,668
College	8,845	9,020	9,619
Private	8,331	8,463	9,582
<b>Total</b>	<b>11,051</b>	<b>11,323</b>	<b>12,232</b>

#### Average Indebtedness by Province/Territory (\$)

Province	2004-2005	2005-2006	2006-2007
Alberta	10,606	10,793	12,038
British Columbia	11,007	11,665	12,960
Manitoba	9,755	9,579	10,313
New Brunswick	11,609	12,349	13,007
Newfoundland	12,373	12,643	13,108
Nova Scotia	13,311	13,702	14,733
Ontario	10,781	10,894	11,616
Prince Edward Island	13,025	13,285	14,669
Saskatchewan	11,632	12,020	13,201
Yukon	11,216	11,302	13,202
<b>Total</b>	<b>11,051</b>	<b>11,323</b>	<b>12,232</b>

#### Average Indebtedness by Age (\$)

Age	2004-2005	2005-2006	2006-2007
Under 21	5,704	5,852	6,276
22-25 yrs	10,439	10,664	11,557
26-29	14,010	14,217	15,403
30 & over	13,055	13,548	14,941
<b>Total</b>	<b>11,051</b>	<b>11,323</b>	<b>12,232</b>

Loan Year: August 1-July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans

### Average Indebtedness by Gender (\$)

Gender	2004-2005	2005-2006	2006-2007
Female	11,257	11,527	12,586
Male	10,763	11,040	11,727
<b>Total</b>	<b>11,051</b>	<b>11,323</b>	<b>12,232</b>

### Average Indebtedness by Age Group and Type of Institution, 2006-2007 Loan Year (\$)

Age Group	University	College	Private
21 & Under	6,235	5,718	7,732
22-25 yrs	13,855	9,063	9,744
26-29	18,447	12,499	10,987
30 & over	20,958	12,793	9,744
<b>Total</b>	<b>15,668</b>	<b>9,619</b>	<b>9,582</b>

### Average Indebtedness by Gender and Type of Institution, 2006-2007 Loan Year (\$)

Gender	University	College	Private
Female	16,137	10,261	9,483
Male	15,015	8,793	9,799
<b>Total</b>	<b>15,668</b>	<b>9,619</b>	<b>9,582</b>

Loan Year: August 1–July 31

Note: Figures represent a borrower's Canada Student Loan only. Borrowers may also have provincial or private (bank) loans



## APPENDIX J

### INTEREST RELIEF

#### Interest Relief Recipients by Type of Institution

Institution Type	2004-2005	2005-2006	2006-2007
University	45,017	45,965	49,079
College	39,967	38,447	40,267
Private	23,049	17,849	15,768
Not Stated/Not Available	155	77	66
<b>Total</b>	<b>108,188</b>	<b>102,338</b>	<b>105,180</b>

Loan Year: August 1–July 31

#### Interest Relief Recipients by Gender

Gender	University	College	Private
Female	69,407	66,569	69,023
Male	38,626	35,692	36,091
Not Stated/Not Available	155	77	66
<b>Total</b>	<b>108,188</b>	<b>102,338</b>	<b>105,180</b>

Loan Year: August 1–July 31

#### Interest Relief Recipients by Province/Territory

Province / Territory	2004-2005	2005-2006	2006-2007
NL	7,243	6,725	6,114
PE	1,098	1,181	1,211
NS	8,052	7,142	6,684
NB	6,601	6,523	6,720
ON	50,324	49,535	54,790
MB	2,709	2,272	2,198
SK	4,695	4,109	3,772
AB	9,823	8,652	7,793
BC	17,337	16,031	15,762
YT	40	45	47
Not Stated/Not Available	266	123	89
<b>Total</b>	<b>108,188</b>	<b>102,338</b>	<b>105,180</b>

Loan Year: August 1–July 31

## GLOSSARY

### **Borrowers In Repayment:**

Borrowers who have completed post-secondary studies at least six months earlier and who are scheduled to begin payments on their Canada Student Loan(s).

### **Borrowers In Study:**

Borrowers who are still attending a post-secondary institution or have finished school less than six months earlier (grace period).

### **Canada Access Grants:**

Non-repayable financial assistance to post-secondary students. Two types of Canada Access Grants are available: grants to students from low-income families entering their first year of post-secondary studies (50% of tuition, up to \$3,000), and grants to students with permanent disabilities to help with education and living expenses (up to \$2,000 annually).

### **Canada Study Grants:**

Non-repayable financial assistance to post-secondary students. Four types of Canada Study Grants are available to help the following groups: (1) students with permanent disabilities (up to \$8,000 annually); (2) students with dependants (up to \$3,120 for full-time students and up to \$1,920 for part-time students, annually); (3) high-need part-time students (up to \$1,200 annually); and (4) women in certain fields of Ph.D. studies (up to \$3,000 annually for up to three years).

### **Canada Student Financial Assistance Act:**

Enacted in 1995 to allow for a risk-sharing arrangement between the Government and participating financial institutions.

### **Consolidate:**

When the borrower's status changes from in-study to in-repayment, his or her loans are consolidated.

### **Debt Reduction in Repayment:**

A federal repayment assistance program to reduce a borrower's outstanding Canada Student Loans principal to an affordable amount after interest relief has been exhausted and only after five years have passed since the borrower ceased to be a student. The maximum amount of assistance is \$26,000, which is available to eligible borrowers in an initial reduction of up to \$10,000, a second reduction of up to \$10,000 and a final reduction of up to \$6,000. For loans issued before August 1, 2000, the CSLP pays the lending institutions the amount of student debt principal reduced by the Government of Canada under debt reduction in repayment. For loans issued after August 1, 2000, the Government forgives a portion of the loan principal.

### **Direct Loans:**

As of August 2000, the federal government directly finances loans and has contracted third-party service providers to administer the loan process.

**Guaranteed Loans:**

Loans to students provided by banks and credit unions between 1964 and 1994. The Government fully reimbursed the lending institution if the borrower could not repay the loan.

**Integration Agreement:**

A "one-stop shopping" agreement with Ontario, New Brunswick, Newfoundland and Labrador, and Saskatchewan that allows students from these provinces to apply for and make payments on both their federal and provincial direct loans at the same time, to the same place.

**In-study interest subsidy:**

The central feature of federal student assistance that exempts student borrowers from paying interest on their student loans as long as they are in full-time study and, in the case of loans negotiated before August 1, 1993, for six months after the completion of studies. Under the guaranteed and risk-shared programs, the Government pays the interest to the lending institutions on behalf of the student.

**Interest Relief:**

A temporary assistance measure to cover loan interest and suspend payments on the principal of loans in repayment for up to 54 months. Effective August 1, 2005, income thresholds used to determine eligibility for interest relief increased to make the measure accessible to more borrowers.

**Loan Year:**

August 1 to July 31

**National Student Loans****Service Centre:**

The main point of contact for borrowers in managing their loans, from loan disbursement to repayment and debt management.

**Participating Provinces:**

The provinces and territories that choose to deliver financial assistance to students within the framework of the CSLP. At the moment they include Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, and Yukon.

**Post-Secondary Education:**

Levels of education following secondary school, whether at public education institutions (university or community college) or private education institution (trade school, private vocational school and/or career college).

**Revision of Terms:**

A means of allowing borrowers to manage their loan repayment in a way that is responsive to their situation. It can be used as a debt management measure designed to decrease monthly payments, or it can be used to increase the loan payments to allow the borrower to pay off the loan sooner.

**Risk-Shared Loans:**

A loan regime introduced in 1995 whereby the financial institutions assumed responsibility for the possible risk of defaulted loans in return for a fixed payment from the Government.